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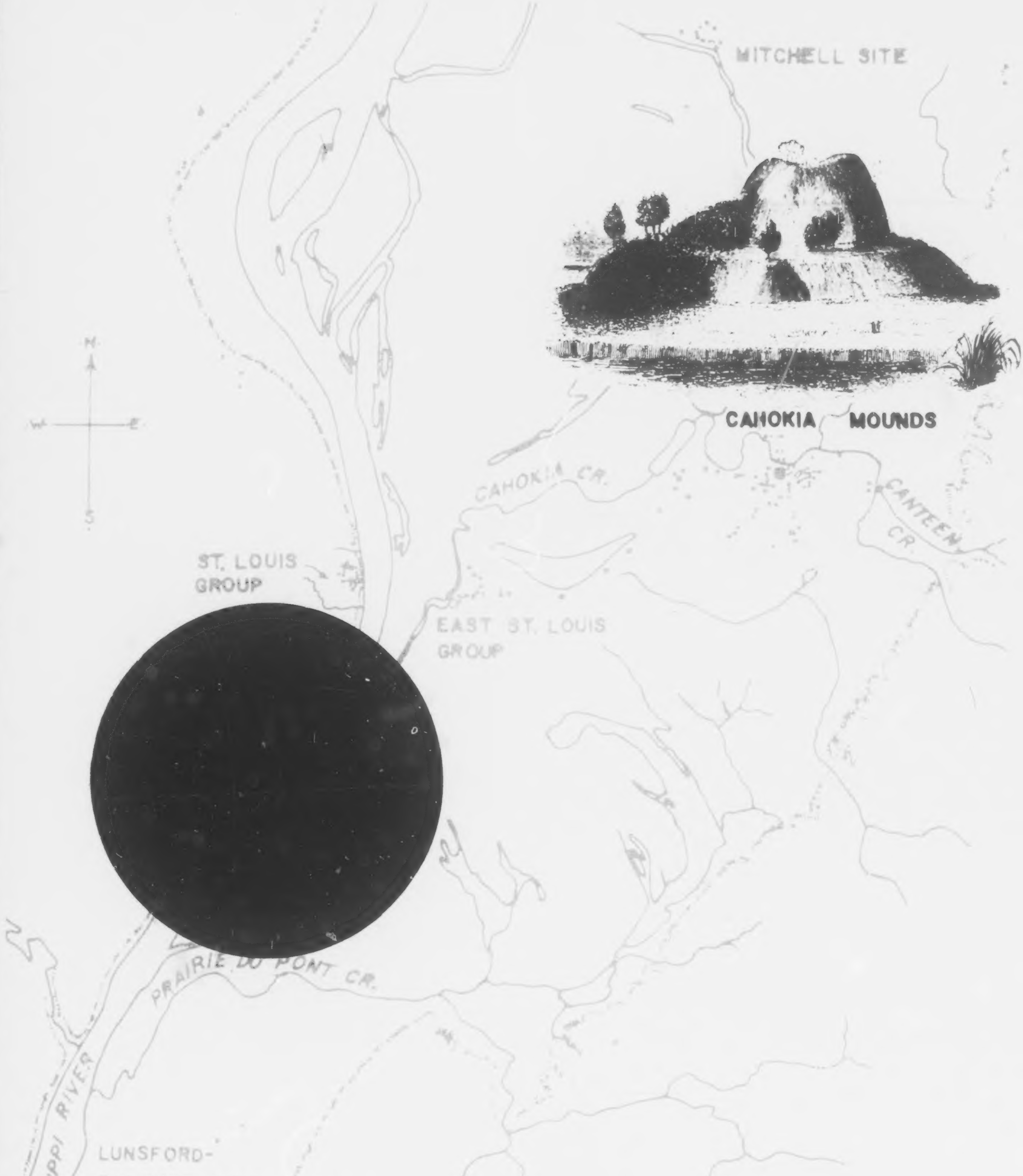
Annual Report 1985

ILLINOIS RIVER
MISSISSIPPI RIVER
MISSOURI RIVER


MITCHELL SITE
CAHOKIA MOUNDS
CAHOKIA CR.
CANTEEN CR.
N
W
E
S
ST. LOUIS GROUP
EAST ST. LOUIS GROUP
PRAIRIE DU PONT CR.
MISSISSIPPI RIVER
LUNSFORD-PULCHER SITE
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1
2
3
SCALE IN MILES

A drawing of Monks Mound published in 1844 (Featherstonhaugh 1844)

Ten thousand years before the coming of French explorers Jacques Marquette and Louis Joliet numerous tribes of Indians lived in the river valleys and prairies which today comprise the State of Illinois.

Prior to the conquering of the Illinois territory from the English by George Rogers Clark, there was little or no interest in the history of the area. It wasn't until the beginning of the nineteenth century that the thousands of ancient earthen mounds and village sites attracted the interest of Illinois' new settlers.

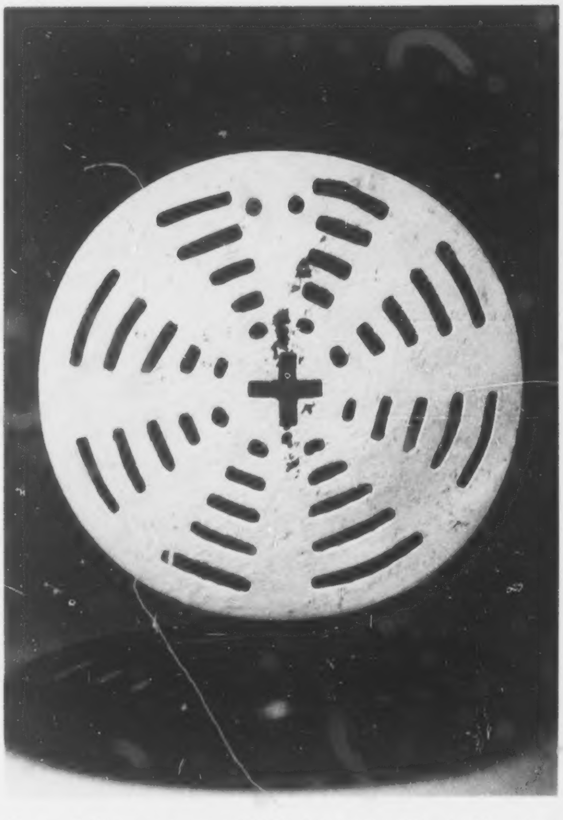
Who were these "Mound Builders"? How old were their remains and what happened to them? During the 1930's the first scientific attempt at answering these questions was made, most notably by students and faculty from the University of Chicago.

It is learned from the artifacts left behind by past cultures and civilizations that archaeologists are able to reconstruct the way of life of a people. Since there is no way to interview persons of the past, physical evidence - broken tools, pottery, ornaments, weapons, remains of houses and other refuse - is interpreted with what we know of peoples and cultures in existence today. Prehistorians question how cultures functioned and why they declined or evolved. Attempts to understand and explain such phenomena are often based on the study of prehistoric trade or commerce which was a means of communication.

Archaeologists carefully excavating mounds and buried sites have slowly pieced together parts of this prehistoric puzzle. We now know, for example, that the great Cahokia Mounds, across the Mississippi River and east of St. Louis, were the focus of the largest prehistoric chiefdom in North America. This region, with its 20,000 or so inhabitants, controlled an immense territory and established trade networks which transported rare and valuable goods from as far as the Gulf Coast and the Appalachian Mountains.

A significant boom to archaeological research in Illinois was the landmark 1956 Federal-Aid Highway Act which, for the first time provided funding for the excavation of prehistoric sites affected by highway construction. The Illinois Department of Transportation was among the earliest to respond to this legislation by developing an organized system which set the stage for a quarter century of cooperation between engineers and archaeologists to preserve important scientific and cultural data.

During the late 1960s and 70s archaeological research along the I-255 right-of-way revealed great discoveries of over 100 prehistoric villages and camps. More has been learned about the 1000-year-old Cahokia chiefdom from the excavation of these sites than preceding archaeological investigations in this region. Thus, this section of Illinois has become known as the--



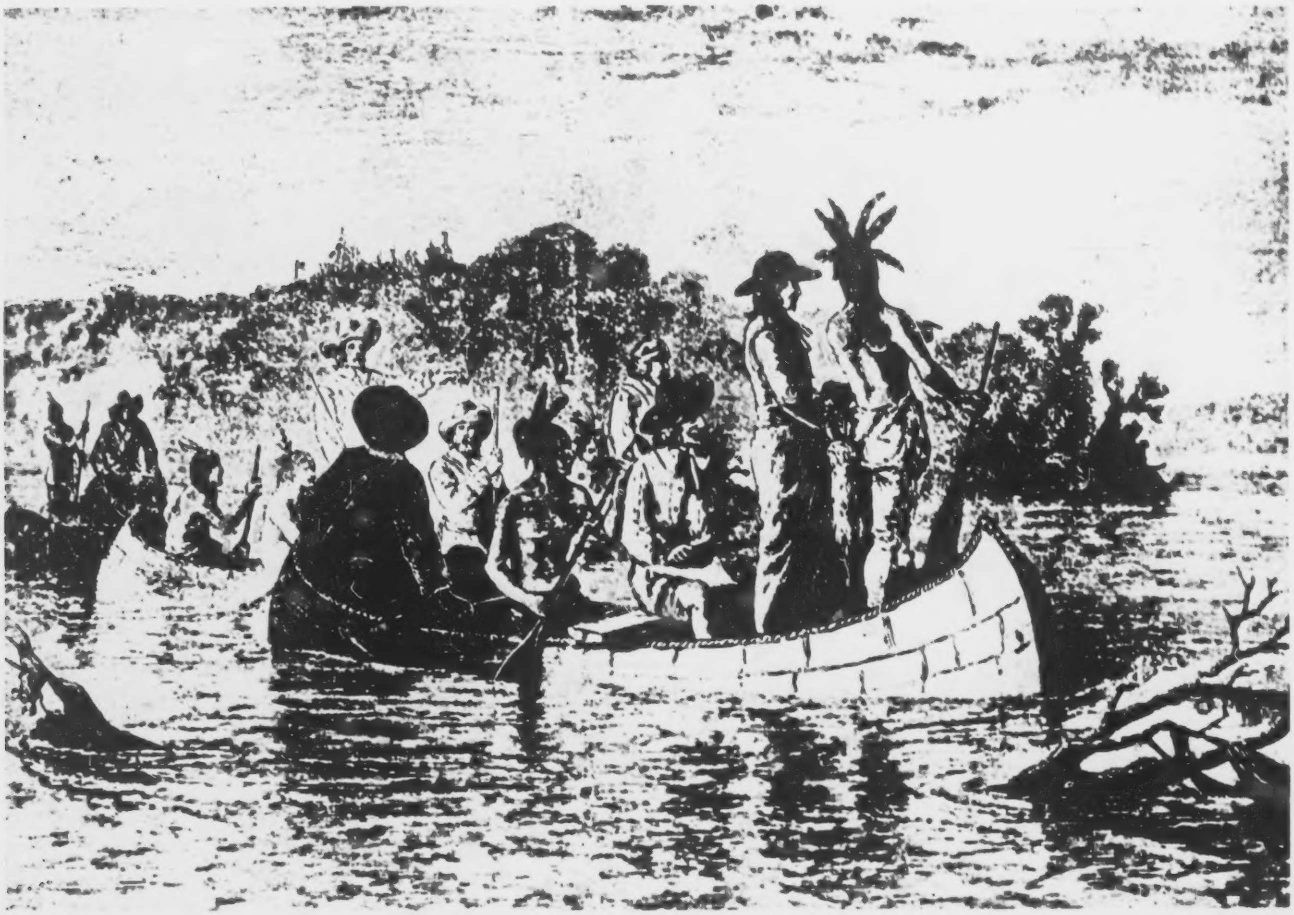
Marine shell gorget excavated July, 1969, east of Monks Mound at Cahokia Mounds State Historic Site by an archaeological field school under the direction of Charles J. Bareis, Department of Anthropology, University of Illinois at Urbana.

Prehistoric Capitol of the Midwest

THE PROMISE OF ILLINOIS

Illinois was destined by nature to become the trade center of the nation. Geography and geology were important in the settlement and growth of civilization in Illinois. Historically, the Ohio, Mississippi and the Missouri Rivers bordering Illinois, were the highways of the nation which carried explorers and traders to discover the rich soil and abundant resources of this mid-continent territory. The same environmental, geographical and agricultural factors which were important to those early adventurers, have not changed.

Today, our Great State is a center for industry and commerce. America's transportation center uniquely supplies national and international markets through an extensive network of the largest inland waterways in the nation; over 136,000 miles of highways, the third largest system in the country; the two largest rail terminals in the United States; 121 airports, including O'Hare International, the world's busiest; and the second largest public transit system in the nation.



Father Marquette and Joliet discover the Mississippi 1673

The sun on two canals and one river
Makes three stripes of silver
Or copper and gold
On shattered sunflower leaves
Talons of an iceberg
Scraped out this valley
Claws of an avalanche loosed here

from "Joliet" by Carl Sandburg

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Comptroller's Message

To the Citizens of Illinois:

I am proud to issue the annual report for the State of Illinois for the fiscal year ended June 30, 1985. Contained herein are financial statements, footnotes, and other fiscal information which are presented in accordance with generally accepted accounting principles (GAAP) and on the traditional budgetary basis.

I am also pleased to report that the balance in the General Funds at June 30, 1985, in accordance with GAAP, was $18.7 million. This is the first year in which the General Funds has had a positive year-end fund balance since the implementation of GAAP financial reporting in fiscal year 1981.

The positive GAAP fund balance was achieved in spite of tax revenues which increased at a lesser rate during fiscal year 1985 than during fiscal year 1984. The decreasing growth rate of tax revenues was the result of income tax rates which returned to normal during fiscal year 1985 after increasing during fiscal year 1984 pursuant to the use of an unprecedented temporary tax increase. At the same time, expenditure growth rates, on a GAAP basis, outpaced revenue increases during fiscal year 1985. This imbalance cannot continue in the long run without a substantial deterioration in the State's fiscal condition.

On the traditional budgetary basis, the June 30, 1985 budgetary balance was $44.6 million—the first positive budgetary balance since fiscal year 1979. The General Funds available balance was $479.4 million at June 30, 1985 - the highest end of year available balance in the history of the General Funds.

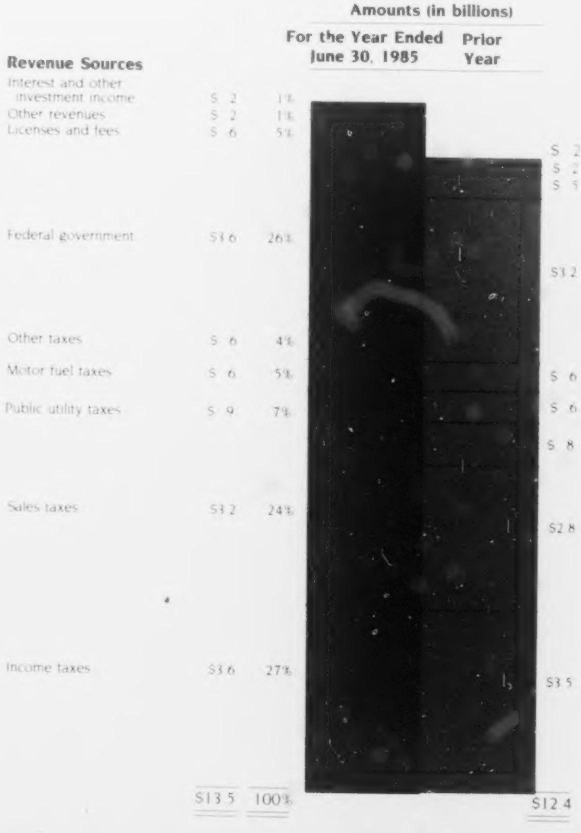
Section I of this report depicts the State's activity and financial position for fiscal year 1985 in accordance with GAAP, while Section II presents financial information in the traditional budgetary format. Both sections provide valuable financial information which, when properly analyzed, can be utilized as a tool to assist management and help to avoid future fiscal stress similar to that experienced in fiscal year 1983. A discussion of specific aspects of this report is set forth below.

Revenues for the governmental fund types, which include the general, special revenue, capital projects, and debt service funds, are presented on a modified accrual basis of accounting. It is these fund types through which most state functions are financed. Revenues on this basis are recognized when they are both measurable and available to finance current expenditures. Revenues (amounts expressed in millions) from various sources for fiscal years 1985 and 1984, were as follows:

Revenue Source	Amount		Percentage of Total	
	1985	1984	1985	1984
Taxes:				
Income	$ 3,638	$ 3,511	27%	28%
Sales	3,177	2,820	24	23
Public-utility	893	830	7	7
Motor fuel	617	552	5	5
Other	596	601	4	5
Federal government	3,565	3,208	26	26
Licenses and fees	654	535	5	4
Interest and other investment income	182	162	1	1
Other revenues	195	156	1	1
	$13,517	$12,375	100%	100%

As indicated in the above table, revenues totaled $13,517 million for fiscal year 1985 which represents an increase of 9.2% over revenues for fiscal year 1984. Income taxes, at $3,638 million, remained the largest source of revenue in fiscal year

General Governmental Functions



1985 but with only a modest 3.6% increase from the prior year. This increase was realized in spite of lower individual and corporate tax rates in effect during the entire fiscal year. In July 1983, the State enacted a temporary increase in the tax rates which terminated on June 30, 1984. As a result, for fiscal year 1985, the rates returned to 2.5% from 3% for individual taxpayers and 4% from 4.8% for corporate taxpayers. However, during fiscal year 1985, the State authorized a tax amnesty program whereby delinquent taxpayers could settle their tax debts with the State without fear of prosecution. This program realized approximately $85 million in income tax revenues during the fiscal year. In addition, interest paid with income tax refunds was netted against income tax revenues in prior years. This year we have reclassified such interest and properly reported it as debt service expenditures. This reclassification increased income tax revenues by approximately $137 million as compared to the level it would have been under the reporting method used in prior years.

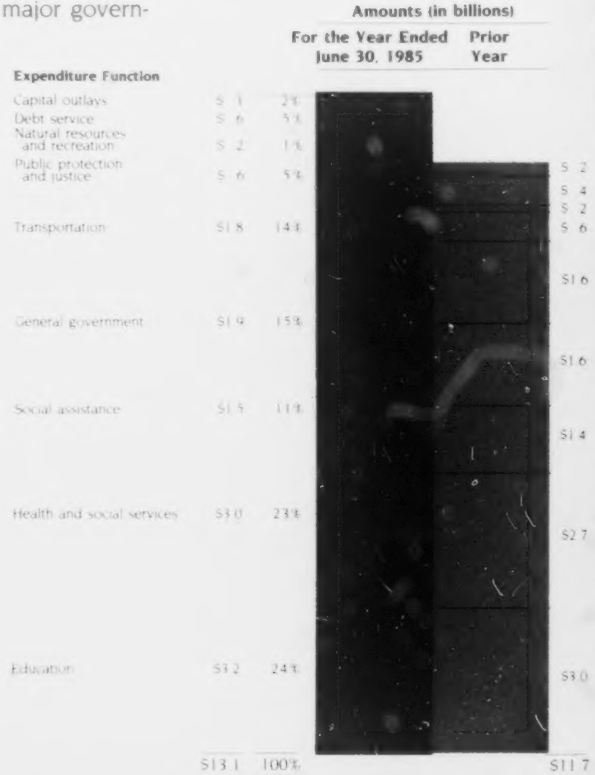
Sales tax revenues were $3,177 million for fiscal year 1985 which represents an increase of 12.7% from the prior year. This growth is a reflection of the increase in the tax rate from 4% to 5% (effective January 1, 1984) and growth in retail sales in the State.

Federal government revenues totaled $3,565 million for fiscal year 1985, an 11.1% increase from fiscal year 1984. The major components of the growth in federal government revenue were increases in the level of federal aid for highway construction, public aid, job training and elementary and secondary education.

Expenditures for governmental fund types are presented on the modified accrual basis of accounting. Expenditures (amounts expressed in millions) for major governmental fund functions in fiscal years 1985 and 1984, were as follows:

Expenditure Function	Amount		Percentage of Total	
	1985	1984	1985	1984
Education	$ 3,188	$ 2,996	24%	25%
Health and social services	2,995	2,691	23	23
Social assistance	1,516	1,435	11	12
General government	1,918	1,598	15	14
Transportation	1,831	1,609	14	14
Public protection and justice	639	554	5	5
Natural resources and recreation	165	156	1	1
Debt service	609	434	5	4
Capital outlays	280	227	2	2
	$13,141	$11,700	100%	100%

Expenditures in total were $13,141 million for fiscal year 1985, representing a 12.3% increase from the prior year. The majority of the increase was attributed to health and social services, general government, and transportation expenditures increasing 11.3%, 20.0% and 13.8%, respectively.



Health and social services expenditures increased $304 million from the prior year. The increase was primarily the result of higher medical assistance payments to the needy.

The increase in transportation expenditures to $1,831 million was directly related to the increased federal government and motor fuel tax revenues. The State motor fuel tax increase enacted in July 1983 was specifically for the purpose of providing additional highway and construction program resources.

General government expenditures increased by $320 million from the prior year. A majority of the increase was due to an increased level of expenditures of the corporate personal property replacement tax funds to local government taxing districts. This particular tax did not incur a rate reduction as the other income tax components did on June 30, 1984 and revenues from this tax increased due to the improved economy. In addition, a portion of the revenues generated from the income tax amnesty program related to corporate personal property replacement taxes was earmarked for distribution to local government taxing districts. Another significant reason for the higher general government expenditures was the establishment of a new tourism program in the State whereby tourism expenditures were disbursed in order to stimulate portions of the Illinois economy.

Expendable Trust Improvements

Total revenues for the State's expendable trust funds decreased from $1,869 million in fiscal year 1984 to $1,616 million in fiscal year 1985, a 13.5% decrease. Total expenditures decreased from $1,312 million in fiscal year 1984 to $1,014 million in fiscal year 1985, a 22.7% decrease. This decrease was largely attributable to the improved economy and the elimination during 1985 of the extended benefit program thereby reducing the level of federal reimbursement.

Debt Administration

Illinois again received high bond ratings in fiscal year 1985 from both Moody's Investors Service (Aaa) and Standard and Poor's Corporation (AA+) for its general obligation bonds. Outstanding general obligation bonds at June 30, 1985, totaled $3,487 million and were issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source.

General obligation bonds (amounts expressed in millions) issued during fiscal year 1985 were as follows:

Date of Issue	Amount	Average Interest Rate
9/1/84	$150	9.11%
1/1/85	100	8.94
6/1/85	100	8.22

In addition to general obligation bonds, Illinois' reporting entity has $1,951 million of revenue bonds, $1,967 million of unfunded pension expense, $81 million of notes payable, and $692 million of other long-term obligations outstanding as of June 30, 1985.

Proprietary Funds

Combined operating revenues for the State's enterprise funds increased from $1,200 million in fiscal year 1984 to $1,571 million in fiscal year 1985. Combined operating expenses increased from $750 million to $970 million during the same period. As in the prior year, the primary cause for the increases was the increased activity relating to the Illinois State Lottery.

Combined operating results for the State's internal service funds indicate increased activity during fiscal year 1985; however, revenues exceeded expenses by a comfortable margin. Operating revenues and expenses were $142 million and $137 million, respectively, for fiscal year 1985, while related amounts for fiscal year 1984 were $114 million and $115 million, respectively. The principal internal service operations provide data processing, motor pool vehicles, telephone communications and printing services to other State departments.

Retirement Systems

Total net assets of the pension trust funds on a current market basis aggregated $8.4 billion at June 30, 1985. The most current actuarial valuations of the pension trust funds indicated that the actuarial present value of accumulated plan benefits was $13.3 billion and exceeded net assets of the funds by $5 billion. On a market value basis, the funding ratio for all funds combined increased to 62.9% at June 30, 1985 from 55.8% at June 30, 1984. In addition, on a cost basis, the funding ratio increased to 58.9% at June 30, 1985, from 57.7% at June 30, 1984.

Certificate of Conformance

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance in Financial Reporting to the State of Illinois for its comprehensive annual financial report for the fiscal year ended June 30, 1984.

In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Conformance is valid for a period of one year only. Effective January 1, 1986, the GFOA changed the program title to Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the Certificate Program requirements and I will be submitting it to the GFOA to determine its eligibility for another certificate.

Prospects for the Future

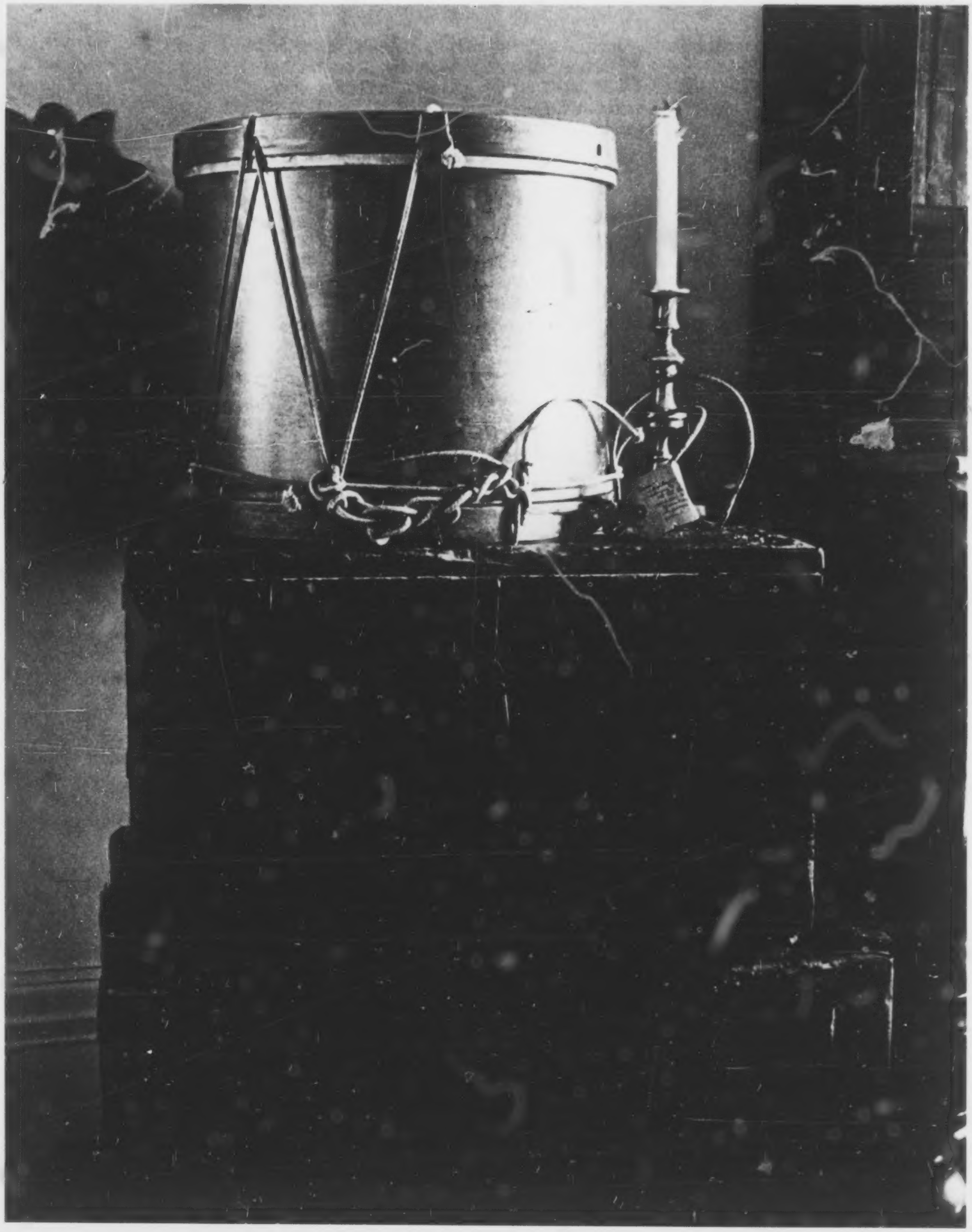
Currently, falling oil prices are limiting the rate of inflation, lower interest rates are reducing the cost of purchasing durable items, and the declining value of the dollar is increasing the international competitiveness of American goods. If these factors can cause consumers to increase their purchases, even though consumer debt has reached record high levels, and companies to boost their investments, although significant amounts of productive capacity remain underutilized, they will provide the impetus for further national economic recovery.

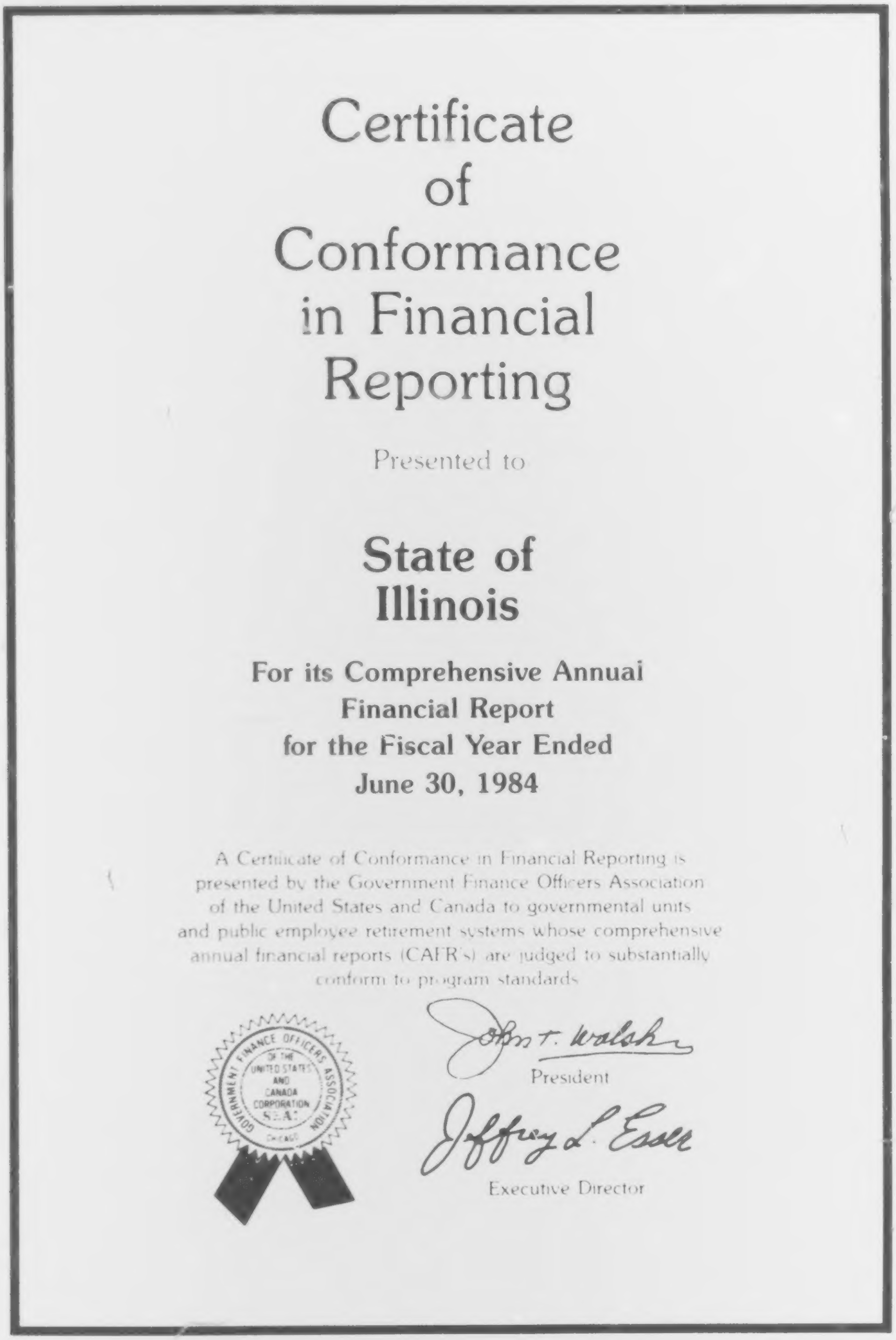
Illinois, like the remainder of the Midwest, has lagged behind the national economy due, in part, to the depressed conditions of its key heavy manufacturing and agricultural industries. Hopefully, the lower value of the dollar and reduced interest rates will mark the beginning of a revival for these vital industries. Further, national economic growth will determine the performance of the substantial merchandising, transportation, finance, communications, health services, and high tech industries in Illinois that serve national markets.

Sincerely,

Roland W. Burris

Roland W. Burris
Comptroller





Certificate of Conformance in Financial Reporting

Presented to

State of Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1984

A Certificate of Conformance in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards

John T. Walsh
President

Jeffrey L. Esser
Executive Director

The State of Illinois was awarded the Certificate of Conformance by the Government Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1984. Illinois, Maryland and Tennessee are the only states to currently hold a valid Certificate of Conformance.

Office of the Comptroller

The Office of the Comptroller was created by the 1970 Constitution and designated as the State's chief fiscal officer. In this role of chief fiscal officer, the Comptroller is responsible for reviewing, maintaining and improving the fiscal control over the influx of revenues and the outflow of expenditures from the State Treasury. The Comptroller also reports monthly and annually on the fiscal health of the State, designs and prepares the State's central accounting system and makes available information about the State's activities for public review.

The Treasurer has custody of many of the State's funds and is responsible for the investment of these funds and for the availability of these funds to pay the State's bills. It is the Comptroller, however, who orders all payments into (deposits) and payments out of (warrants or checks) the numerous funds held by the Treasurer. No payment can be made from any fund held by the Treasurer without the approval of the Comptroller.

The Comptroller is also responsible for determining the legality of each bill presented for payment. In fiscal year 1985 this responsibility involved the central accounting of over $17.9 billion in expenditures from State treasury held funds.

The Comptroller issued more than 15.3 million warrants (checks) in fiscal year 1985 including the payroll for nearly 111,000 State employees and approximately 2.95 million warrants for State income tax refunds.

The Comptroller's Uniform Statewide Accounting System (CUSAS) now provides for immediate access to State financial information on a daily basis. With the use of computer programs, financial reports are generated each day which show the amount of money received or disbursed and the amount available in each account.

The Comptroller is responsible for maintaining on file all State contracts with various companies or individuals as well as the storage and retrieval of all documents supporting the payout of tax money. Millions of individual records and support documents are retained for a period of five years after which time the support documents are destroyed but the warrant is microfilmed and retained for a period of seven years.

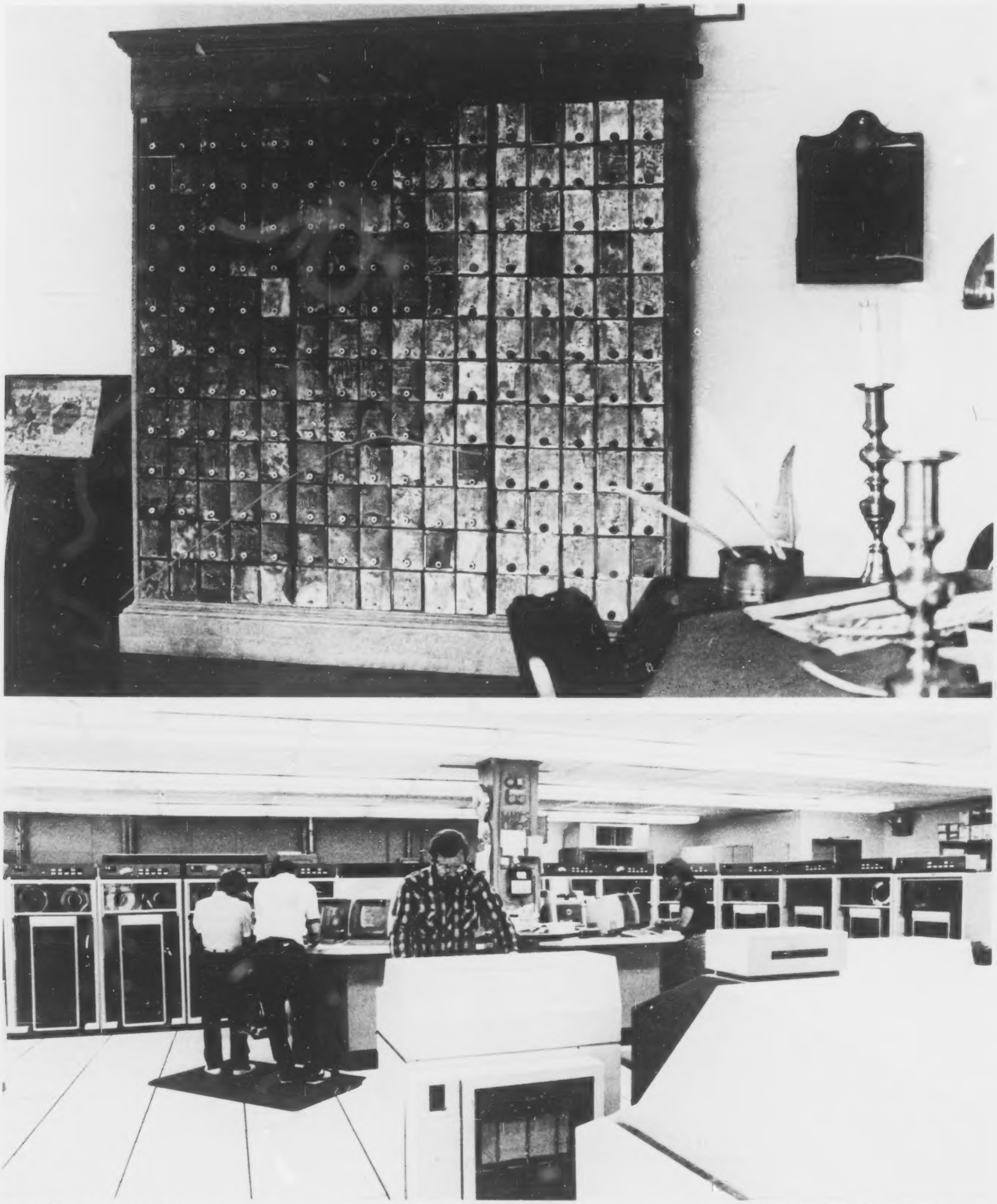
The Comptroller also maintains summary information on certain State funds which are authorized to be held outside the State Treasury. These locally held fund reports are filed quarterly with the Comptroller's Office.

Fixed asset reports are filed with the Comptroller's Office by all State agencies on a quarterly as well as on an annual basis. These reports are reconciled and maintained on file at the Comptroller's Office.

Current records of the State's outstanding bonded indebtedness and certain other bonding information are also collected, summarized and published by the Comptroller.

Other functions of the Comptroller's Office include maintaining fiscal reports which are filed by local government units and carrying out the various provisions of the Cemetery Care Act.

These functions are accomplished by the Comptroller through offices located in Springfield and Chicago.



(top) The Auditor's Office of the 1850's stored financial information in tin drawers. (bottom) Today, The Comptroler's Office computerized equipment prints an average of 77,500 checks each working day to pay for all of the state's bills including education, health and social services, transportation, aid to the poor and disabled and other expenditures.

Generally Accepted Accounting Principles Overview

Presentation

Section I contains the general purpose financial statements (GPFS) of the State of Illinois presented in accordance with generally accepted accounting principles (GAAP) for state governments, with an accompanying report on those statements from the State Auditor General and an analysis of GAAP basis revenues and expenditures.

The financial statements include a combined balance sheet for all funds of agencies, boards, commissions, authorities, universities and foundations that were deemed part of the State of Illinois financial reporting entity in accordance with the National Council on Governmental Accounting Statement 3, as recognized by the Governmental Accounting Standards Board Statement 1. It also presents in separate operating statements: governmental and expendable trust fund types; proprietary, nonexpendable and pension trust fund types; and university and college current funds. Also, the Combined Statement of Changes in Financial Position—All Proprietary Fund Types, Nonexpendable and Pension Trust Funds, and the Combined Statement of Changes in Fund Balances—University and College Fund Type have been included in the GAAP presentation.

An integral part of the GPFS is the Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP), All Budgeted Fund Groups. This Statement incorporates expenditures recorded on the Comptroller's Uniform Statewide Accounting System (CUSAS) for both final budget and actual amounts that are presented in Section II of this annual report. The source for the revenue budget was derived from the *Illinois State Budget*, with actual revenue amounts from CUSAS and reported in Section II. A comprehensive presentation of receipt and appropriation activity is provided in the *Illinois Detailed Annual Report*. The State of Illinois, pursuant to statute, enacts a budget on a basis of accounting other than GAAP and, therefore, must present additional data to provide a budget to GAAP reconciliation. Note 2 incorporates data from the budget to actual statement and supplies the necessary trail from the budgetary reporting system to the GAAP financial statements.

State Universities and Colleges are presented in the financial statements as a discrete reporting entity. The basis of accounting used in the State's presentation is set forth in the *College and University Business Administration* manual and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities*, with modifications to allow the combining of the university and college fund type balance sheet with the remaining fund types.

Results—General Fund (Budgetary Basis vs. GAAP)

Significant differences between the GAAP and the budgetary statements can be classified into two categories: Reporting classifications and basis of accounting adjustments.

Reporting classifications—

For GAAP purposes, the accounts within the General Fund have been combined and as a result of this combination, the $940 million transfer of funds from the General Revenue Fund to the Common School Fund has been eliminated. Other reporting differences include the reclassification of university and college expenditures from the education functions to transfers-out for the GAAP statements and the recognition of federal receipts by the Department of Public Aid as a federal government source versus a transfers-in as reported in the budgetary statements.

Basis of accounting adjustments—

GAAP adjustments resulting from significant differences in the basis of accounting include recording taxes and other receivables which are measurable and available to finance expenditures of the current period, and recording liabilities which will be paid from future year appropriations including State Board of Education reimbursement programs, Public Aid medical reimbursements and tax refunds.

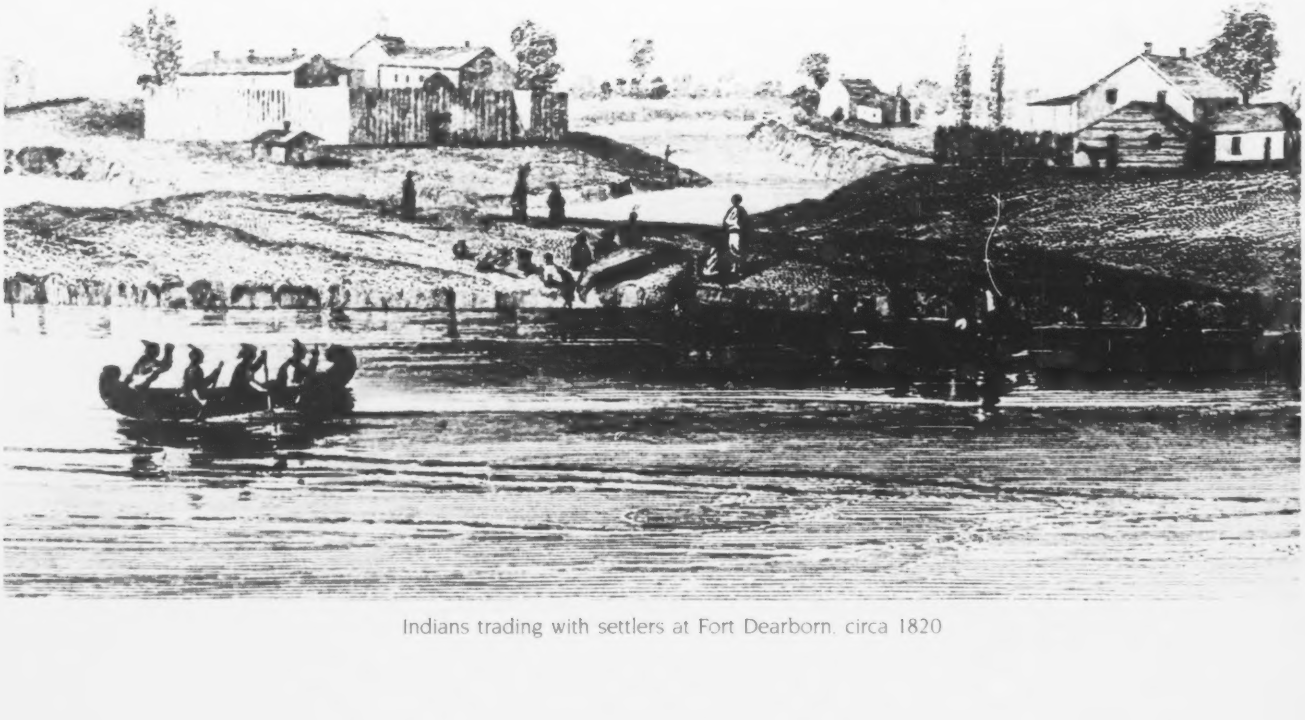
Approach

The 1985 financial statements were compiled with the assistance of a computerized data accumulation system. GAAP adjustments disclosure information for all treasury held and non-treasury funds was submitted by all State agencies and entered into the system. Without the assistance and cooperation of the State agencies and organizations, the presentation of the following general purpose financial statements would not have been possible.

In the future, CUSAS will be modified to provide GAAP reporting information in addition to the budgetary information it provides, thus reducing the requirements for agency GAAP adjustments related to treasury held funds.

Section I

Generally Accepted Accounting Principles Financial Report



Indians trading with settlers at Fort Dearborn, circa 1820

GAAP Basis

Revenue Analysis

The governmental fund types are those through which most State functions are financed. These fund types include the general, special revenue, capital projects and debt service fund types. These funds are presented on a modified accrual basis of accounting with revenues being recognized when they are both measurable and available to pay liabilities of the current period and are presented net of refunds.

During the past five fiscal years beginning July 1, 1980 and ending June 30, 1985, total revenues have fluctuated significantly. On a GAAP basis, revenues ranged from a low of $10.4 billion during fiscal year 1983 to a high of $13.5 billion during fiscal year 1985. In current dollars, there was an average increase of 6.8% in governmental fund revenues during this period. However, on a constant dollar basis which reflects the reduction in the purchasing power of the dollar due to inflation, revenues experienced an average increase of only 1.7% during the same period.

Taxes were the largest revenue source over the last five years and comprised 66% of total revenues. Revenues from tax sources which include income, sales, public utility, motor fuel and other miscellaneous taxes increased an average of 7.3% during the last five fiscal years on a current dollar basis. In constant dollars, however, the average increase was only 2.1%.

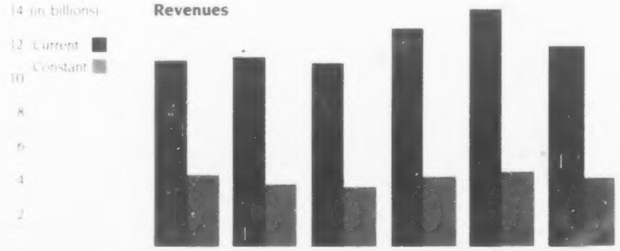
Income taxes, the largest tax source, increased 7.8% and 2.8% on a current and constant dollar basis, respectively. The average increase is primarily due to the temporary tax increase which was enacted during fiscal year 1984. Sales taxes were the second largest tax source and increased an average of 8.4% during the last five years. The State's portion of the sales tax rate which was increased from 4% to 5% on January 1, 1984, is the major reason for the average increase in sales tax revenue. On a current dollar basis, sales tax revenue increased an average of only 3.2%.

Federal government revenues, which is the second largest revenue source, decreased from $2.91 billion in 1981 to $2.79 billion during fiscal year 1983 before increasing to a high of $3.57 billion during fiscal year 1985. This represents an average increase of 5.5% during the five years on a current dollar basis. When considering the inflationary factor in constant dollars, however, the average increase was only 0.5%. The increases are primarily due to increased federal aid for highway construction, public aid, job training and elementary and secondary education.

Other revenues, including licenses and fees, interest and other investment income and miscellaneous other revenues, increased an average of 8.1% and 2.9% in current and constant dollars, respectively.

GAAP Basis
State of Illinois
Revenues
Governmental Fund Types
Fiscal Years 1981 Through 1985
(in billions)

	1981	1982	1983	1984	1985	Average
Current dollars	$10.504	$10.562	$10.414	$12.375	$13.517	$11.474
Constant dollars	4.048	3.745	3.541	4.059	4.268	3.932
% inc (dec) over (under) prior year in Current Dollars	—	0.6%	(1.4%)	18.8%	9.2%	6.8%
% inc (dec) over (under) prior year in Constant Dollars	—	(7.5%)	(5.4%)	14.6%	5.1%	1.7%



GAAP Basis
State of Illinois
Revenues by Source
Governmental Fund Types
Fiscal Years 1981 Through 1985
(in billions)

	1981	1982	1983	1984	1985	Average
Tax revenues:						
Current	$6.812	$6.952	$6.928	$8.314	$8.921	$7.585
Constant	$2.625	$2.465	$2.356	$2.727	$2.817	$2.598
% inc (dec)						
Current	—	2.1%	(0.3%)	20.0%	7.3%	7.3%
Constant	—	(6.1%)	(4.4%)	15.7%	3.3%	2.1%
Federal government revenues:						
Current	$2.910	$2.832	$2.791	$3.208	$3.565	$3.061
Constant	$1.121	$1.004	$ .949	$1.052	$1.126	$1.050
% inc (dec)						
Current	—	(2.6%)	(1.4%)	14.9%	11.1%	5.5%
Constant	—	(10.4%)	(5.5%)	10.9%	7.0%	0.5%
Other revenues:						
Current	$ .782	$ .778	$ .695	$ .853	$1.031	$ .828
Constant	$ .302	$ .276	$ .236	$ .280	$ .325	$ .284
% inc (dec)						
Current	—	(0.5%)	(10.7%)	22.7%	20.9%	8.1%
Constant	—	(8.6%)	(14.5%)	18.6%	16.1%	2.9%

Note: Constant dollar amounts were derived using the Consumer Price Indexes All Urban Consumers at June 30 for fiscal years 1981 through 1985 (1967 = 1.0

GAAP Basis

Expenditure Analysis

Expenditures for the governmental fund types are presented on a modified accrual basis of accounting. On this basis, expenditures are recognized in most instances when the related fund liability is incurred, regardless of when cash is expended.

During the past five fiscal years, total governmental fund expenditures have varied on a GAAP basis from a low of $10.6 billion during fiscal year 1982 to a high of $13.1 billion during the fiscal year ended June 30, 1985. In current dollars, expenditures increased an average of 5.3% during the five year period. In constant dollars, however, total governmental fund expenditures merely kept pace with inflation, increasing an average of only 0.3% over the five year span.

Expenditures for education, including elementary and secondary and higher education, were the largest expenditure function during each of the past five years. Although remaining the largest overall expenditure function, educational expenditures experienced the lowest average increase of all GAAP expenditure functions, 1.8%. In constant, or "inflation adjusted" dollars, educational expenditures actually *decreased* by an average of 3.0% during the five year period.

The health and social services expenditure function (medicaid, vocational rehabilitation and children and family services payments) was the second highest expenditure category during the past five years. Although increasing an average of 4.8% during the last five years on a current dollar basis, this expenditure function *decreased* by an average of 0.3% on a constant dollar basis.

General government expenditures, the third largest expenditure function during the five year period which is being analyzed, increased an average of 8.3% and 3.2% on current basis and constant dollar basis, respectively. The general government expenditure increases are primarily due to significant increases in personal property tax replacement revenues which were expended to local government taxing districts during fiscal years 1984 and 1985.

Transportation and social assistance expenditures increased an average of 7.9% and 3.8% respectively over the five year period in current dollars. In constant dollars, transportation expenditures increased an average of 2.9% while social assistance expenditures *decreased* an average of 1.3%.

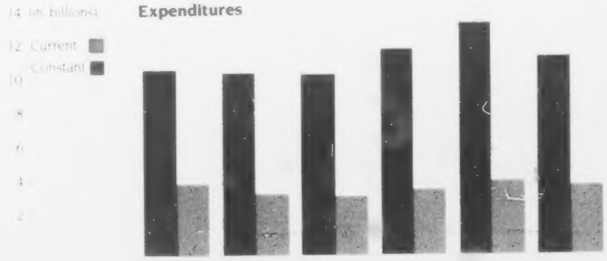
Other expenditure functions including public protection and justice, natural resources and recreation, debt service and capital outlays constituted less than 12% of the total governmental fund type expenditures over the five year period on a current dollar basis. Only debt service interest had a significant increase, averaging 27.4% on a current dollar basis and 21.6% on a constant dollar basis. This increase is predominantly caused by a classification change during fiscal year 1985 which presents interest paid on income tax refunds as debt service interest rather than as a reduction of revenue.

Other expenditure functions and average percentage increases or (decreases) over the past five years in current and constant dollars, respectively, are as follows: public protection and justice (8.4%, 3.1%), natural resources and recreation (2.3%, (2.7%)), debt service principal (6.1%, 0.9%) and capital outlays (9.9%, 4.4%).

For every Illinois citizen, an average of $989 per year was expended from the governmental funds during the period July 1, 1980 and June 30, 1985, in current dollars on a GAAP basis. The increase in per capita expenditures averaged 5.1% during this period, again in current dollars. In inflation adjusted figures, an average of $340 per year was expended for each Illinois citizen from the governmental funds. In constant dollars, this is an average percentage increase of only 0.1% over the five year period.

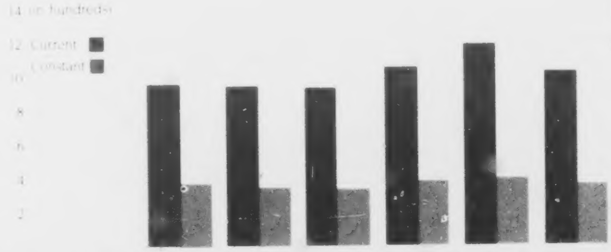
GAAP Basis
State of Illinois
Expenditures
Governmental Fund Types
Fiscal Years 1981 Through 1985
(in millions)

	1981	1982	1983	1984	1985	Average
Current dollars	$10,771	$10,594	$10,608	$11,700	$13,141	$11,363
Constant dollars	4,151	3,757	3,607	3,837	4,149	3,920
% inc (dec) over (under) prior year in Current Dollars	—	(1.6%)	0.1%	10.3%	12.3%	5.3%
% inc (dec) over (under) prior year in Constant Dollars	—	(9.5%)	(4.3%)	6.4%	8.1%	0.3%



GAAP Basis
State of Illinois
Expenditures per Capita
Governmental Fund Types
Fiscal Years 1981 Through 1985
(nearest dollar)

	1981	1982	1983	1984	1985	Average
Current Dollars	$ 939	$ 924	$ 925	$1,016	$1,139	$ 989
Constant Dollars	362	328	315	333	360	340
% inc (dec) over (under) prior year in Current Dollars	—	(1.6%)	0.1%	9.8%	12.1%	5.1%
% inc (dec) over (under) prior year in Constant Dollars	—	(9.4%)	(4.0%)	5.7%	8.1%	0.1%



Note: Constant dollar amounts were derived using the Consumer Price Indexes — All Urban Consumers at June 30 for fiscal years 1981 through 1985 (1967 = 1.0)

Report of Auditor General

Honorable Philip J. Rock, President of the Senate
Honorable Michael J. Madigan, Speaker of the House
Members of the General Assembly
Honorable James R. Thompson, Governor
Honorable Roland W. Burris, Comptroller

We have examined the combined general purpose financial statements of the State of Illinois as of and for the year ended June 30, 1985 as listed in the foregoing table of contents for Section I. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined general purpose financial statements of the State of Illinois for the year ended June 30, 1985, listed in the foregoing table of contents for Section I present fairly the financial position of the State of Illinois at June 30, 1985, and the results of its operations and the changes in financial position of its proprietary fund types and its non-expendable trust and pension trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The statistical and economic data presented in this report were not audited by us, and, accordingly, we do not express an opinion thereon. The budgetary financial statements and schedules in Section II were examined on behalf of the Auditor General by Touche Ross & Co.

Very truly yours,

Robert G. Cronson

ROBERT G. CRONSON
Auditor General
State of Illinois

Springfield, Illinois
January 31, 1986

General Purpose Financial Statements

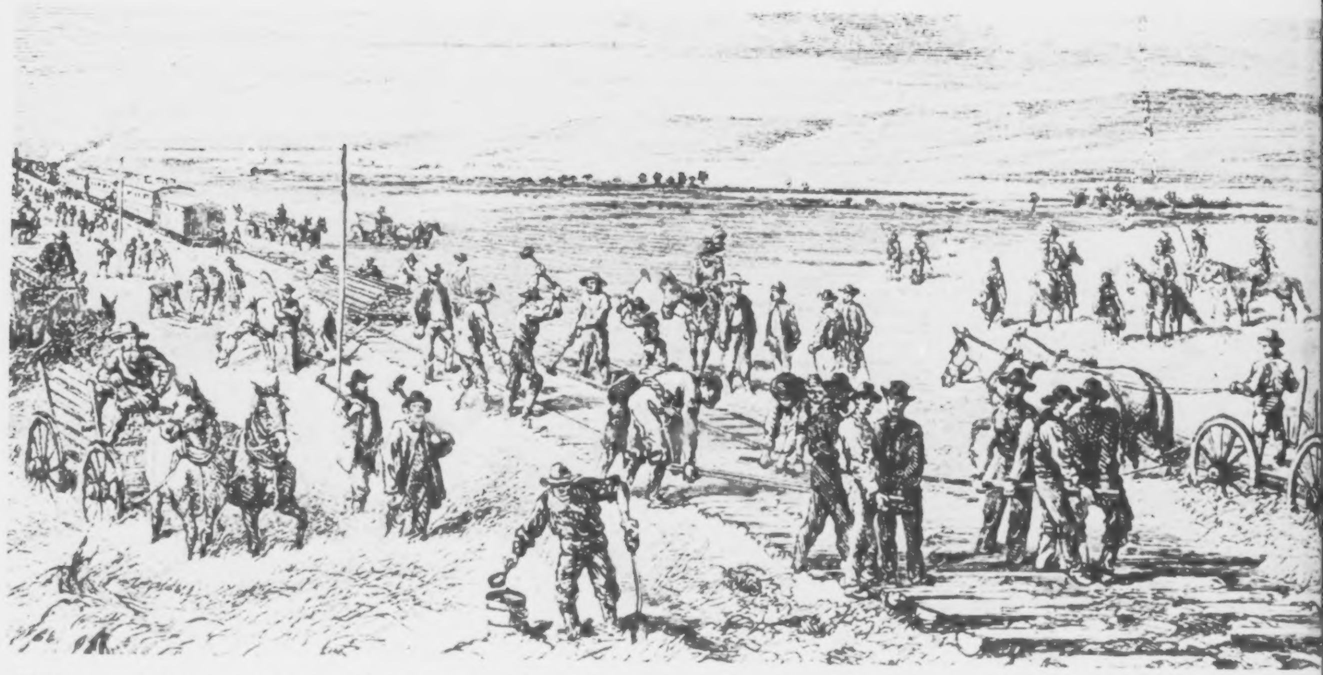
Chicago. Michigan Avenue from Lake Michigan 1865

STATE OF ILLINOIS
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1985
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Cash and cash equivalents	$ 751,721	$ 643,832	$ 123,348	$ 163,718
Investments	110,995			
Receivables, net				
Taxes	345,665	96,120		
Intergovernmental	188,081	508,838	9	591
Other	24,795	42,442	607	
Due from other funds	162,281	125,501		
Inventories	28,094	11,869		
Prepaid expenses				
Loans and notes receivable	29,097	8,149		
Restricted assets				
Property, plant and equipment, net				
Other assets	715			
Amount available in debt service funds for:				
Retirement of general obligation bonds				
Amount to be provided for:				
Retirement of general obligation bonds				
Retirement of other obligations				
Pension liabilities				
Total assets, amounts available and amounts to be provided for retirement of long-term obligations	**$ 1,641,444**	**$ 1,436,751**	**$ 123,964**	**$ 164,309**
Liabilities:				
Accounts payable and accrued liabilities	$ 987,489	$ 174,130		$ 41,801
Intergovernmental payables	414,536	302,488		5,721
Due to other funds	143,536	185,325		1,484
Deferred revenues	77,196	10,238		1,128
Liabilities payable from restricted assets				
Depository and other liabilities		2,261	$ 422	
Notes payable				
Accrued retirement costs				
General obligation bonds payable				
Revenue bonds payable				
Federal advances for unemployment compensation benefits				
Other obligations				
Total liabilities	1,622,757	674,442	422	50,134
Fund equity:				
Contributed capital				
Investment in fixed assets				
Retained earnings				
Reserved for revenue bond and note retirement				
Reserved-other				
Unreserved				
Fund balances (deficits)				
Reserved for				
Encumbrances	38,963	911,678		349,033
Long-term portion of				
Investments	110,995			
Intergovernmental and other receivables	13,613	292,213		
Loans and notes receivable	24,445	8,048		
Inventories	28,094	11,869		
Unemployment compensation benefits				
Net assets available for plan benefits				
Restricted fund balance				
Endowment and similar funds				
Other	186			
Unreserved				
Designated for				
Debt service			123,542	
Deferred compensation benefits				
Other				
Undesignated	(197,609)	(461,499)		(234,858)
Total fund equity	18,687	762,309	123,542	114,175
Total liabilities and fund equity	**$ 1,641,444**	**$ 1,436,751**	**$ 123,964**	**$ 164,309**

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	University and College Fund Type	Account Groups		
Enterprise	Internal Service	Trust and Agency	Universities and Colleges	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
$ 210,282	$ 15,467	$ 574,149	$ 185,283			$ 2,667,800
522,789		7,788,801	154,076			8,576,661
		405,463				847,248
1,238	45	24,227	4,746			727,775
58,298	1,355	132,855	89,563			349,915
8,803	29,829	29,615	65,645			421,674
3,553	5,371		34,871			83,758
1,756	9		2,776			4,541
1,051,437			51,772			1,140,455
216,297			4,584			220,881
621,274	29,729	4,927	2,704,908	$ 2,419,500		5,780,338
4,879		304,128	1,280			311,002
					$ 123,542	123,542
					3,363,458	3,363,458
					645,939	645,939
					1,967,433	1,967,433
$ 2,700,606	**$ 81,805**	**$ 9,264,165**	**$ 3,299,504**	**$ 2,419,500**	**$ 6,100,372**	**$ 27,232,420**
$ 176,868	$ 23,644	$ 83,388	$ 174,118			$ 1,661,438
15,408	9	408,817	210			1,147,189
35,568	723	38,492	16,546			421,674
5,631	593		33,976			128,762
909			33			942
8,623	9,047	460,115	8,660			489,128
75,825			4,844			80,669
					$ 1,967,433	1,967,433
					3,487,000	3,487,000
1,745,709			205,781			1,951,490
		1,258,256				1,258,256
94	3,698		41,933		645,939	691,664
2,064,635	37,714	2,249,068	486,101		6,100,372	13,285,645
19,075	16,812					35,887
			2,392,129	$ 2,419,500		4,811,629
55,882						55,882
67,593						67,593
493,421	27,279					520,700
			39,416			1,339,090
						110,995
						305,826
						32,493
						39,963
		(924,003)				(924,003)
		7,857,130				7,857,130
			48,213			48,213
		1,303	114,548			115,851
			95,034			95,220
						123,542
		74,958				74,958
			12,142			12,142
		5,709	111,921			(776,336)
635,971	44,091	7,015,097	2,813,403	2,419,500		13,946,775
$ 2,700,606	**$ 81,805**	**$ 9,264,165**	**$ 3,299,504**	**$ 2,419,500**	**$ 6,100,372**	**$ 27,232,420**



Over a century ago, America's east and west came together in Illinois as the state became the nation's rail transport center. It remains so today.

STATE OF ILLINOIS

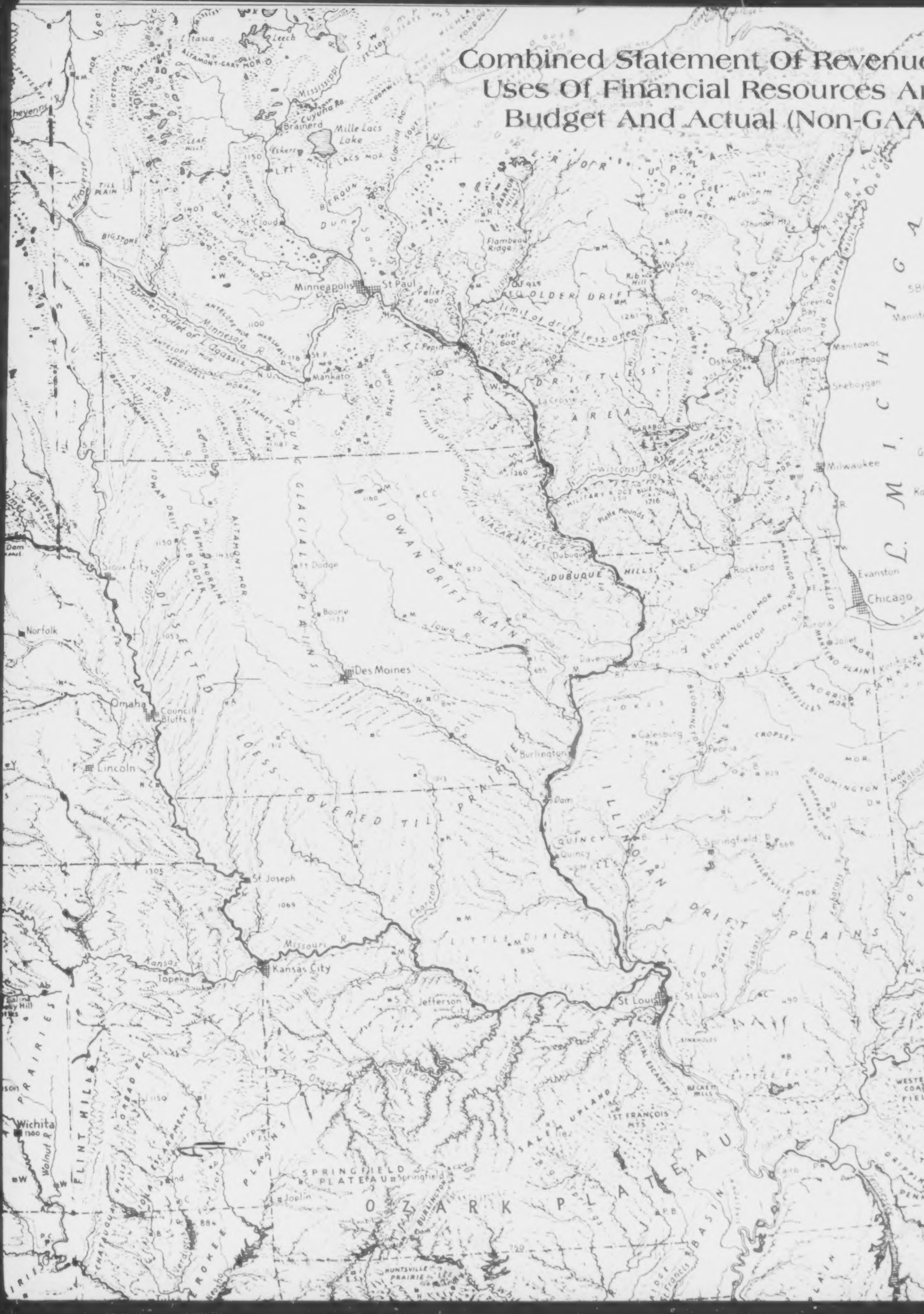
Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 1985
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total
	General	**Special Revenue**	**Debt Service**	**Capital Projects**	**Expendable Trust**	**(Memorandum Only)**
Revenues:						
Income taxes	$ 3,237,358	$ 400,899				$ 3,638,257
Sales taxes	3,142,018	35,210				3,177,228
Public utility taxes	638,182	254,451				892,633
Motor fuel taxes	377	616,497				616,874
Other taxes	493,094	102,694			$ 1,445,995	2,041,783
Federal government	1,553,038	2,009,173	$ 1,415	$ 1,442	140,623	3,705,691
Licenses and fees	45,799	607,765	126		40	653,730
Interest and other investment income	149,208	22,284	10,801		12,020	194,313
Other	46,530	147,410	35	930	16,850	211,755
Total revenues	9,305,604	4,196,383	12,377	2,372	1,615,528	15,132,264
Expenditures:						
Current						
Education	2,657,950	527,428		2,878		3,188,256
Health and social services	2,645,737	349,003			1,201	2,995,941
Social assistance	1,345,357	171,231			993,298	2,509,886
General government	549,083	1,365,448		3,768	17,604	1,935,903
Transportation	10,018	1,705,098		115,812		1,830,928
Public protection and justice	553,856	84,473		130	1,582	640,041
Natural resources and recreation	78,975	48,422		37,133	108	164,638
Debt service						
Principal	6,044	5,185	192,500			203,729
Interest	125,012	43,390	236,879			405,281
Capital outlays	74,498	58,345		147,562		280,405
Total expenditures	8,046,530	4,358,023	429,379	307,283	1,013,793	14,155,008
Excess (deficiency) of revenues over expenditures	1,259,074	(161,640)	(417,002)	(304,911)	601,735	977,256
Other sources (uses) of financial resources:						
Proceeds from general obligation bond issues				348,355		348,355
Operating transfers-in	546,471	873,447	439,022	245	12,473	1,871,658
Operating transfers-out	(1,605,966)	(590,992)	(285)	(272)	(9,588)	(2,207,103)
Other financing sources	16,483	12,546				29,029
Net other sources (uses) of financial resources	(1,043,012)	295,001	438,737	348,328	2,885	41,939
Excess of revenues over expenditures and net other sources (uses) of financial resources	216,062	133,361	21,735	43,417	604,620	1,019,195
Fund balances (deficits), July 1, 1984	(222,181)	628,948	127,117	70,758	(1,522,577)	(917,935)
Residual equity transfers, net	24,806		(25,310)			(504)
Fund balances (deficit), June 30, 1985	**$ 18,687**	**$ 762,309**	**$ 123,542**	**$ 114,175**	**$ (917,957)**	**$ 100,756**

The accompanying notes to the financial statements are an integral part of this statement.

Combined Statement Of Revenue
Uses Of Financial Resources A
Budget And Actual (Non-GAA


L. Itasca
Leech L.
Mississippi
Cuyuna Ra.
Brainerd
Mille Lacs Lake
Eskers
MILLE LACS MOR.
St Cloud
BIGSTONE
TILL PLAIN
L. Traverse
ALTAMONT-GARY MOR.
LEAF HILLS
BEROUN MOR.
Minneapolis
St Paul
relief 400'
former outlet of L. Agassiz
Minnesota R.
ANTELOPE MOR.
MARSHALL
Mankato
BEMIS MOR.
ALTAMONT
ST JAMES MOR.
YOUNG
Flambeau Ridge
SUPERIOR UPLAND
OLDER DRIFT
limit of driftless area
relief 600'
L. Pepin
DRIFTLESS
AREA
La Crosse
Rib Hill
Wausau
McCaslin Mt
Thunder Mt
BORDER MOR.
Oshkosh
L. Winnebago
Appleton
Green Bay
Manitowoc
Sheboygan
DOOR PENINSULA
Baraboo
MAGNESIAN CUESTA
Wisconsin R.
Madison
Milwaukee
KETTLE MOR.
MILITARY RIDGE
BLUE MOUNDS
1716
Platte Mounds
NIAGARAN ESC.
Dubuque
DUBUQUE HILLS
Rockford
MARENGO MOR.
VALPARAISO
Evanston
Chicago
L. MICHIGAN
Aurora
Joliet
IOWAN DRIFT
Sioux City
Little Sioux
BEMIS MORAINE
BORDER
ALTAMONT MOR.
Ft Dodge
GLACIAL PLAINS
IOWAN DRIFT PLAINS
Boone
Iowa R.
Cedar
Des Moines
Des Moines R.
Davenport
Moline
Rock R.
BLOOMINGTON MOR.
ARLINGTON MOR.
MARSEILLES MOR.
MORRIS MOR.
Kankakee
Norfolk
DISSECTED
Omaha
Council Bluffs
Lincoln
LOESS COVERED TILL PRAIRIES
LOESS
Galesburg
Peoria
Burlington
CROPSEY
BLOOMINGTON MOR.
Dam
ILLINOIAN DRIFT PLAINS
QUINCY HILLS
Quincy
Springfield
Illinois R.
SHELBYVILLE MOR.
St Joseph
Chariton R.
LITTLE DIXIE
Missouri R.
Kansas City
Kansas
Topeka
Jefferson City
St Louis
E. St Louis
Osage R.
Lake of the Ozarks
Gasconade
SALEM UPLAND
ST FRANCOIS MTS
BECKET HILLS
LITTLE EGYPT
WESTERN COAL FIELD
Wichita
Walnut R.
FLINT HILLS
PRAIRIES
SPRINGFIELD PLATEAU
Springfield
Joplin
OZARK PLATEAU
BURLINGTON
HUNTSVILLE PRAIRIE
CHEROKEE PLAINS
ST Francis BASIN
Cairo

Expenditures, Other Sources And Changes In Budgetary Fund Balances All Budgeted Fund Groups

L. Huron
Georgian Bay
Algonquin Provincial Park
L. Ontario
L. Erie
L. St. Clair
Saginaw Bay
Alpena
Au Sable R.
Traverse City
Bay City
Saginaw
Muskegon R.
Grand Rapids
Lansing
Detroit
Windsor
Toledo
South Bend
Fort Wayne
Lima
Muncie
Indianapolis
Dayton
Springfield
Columbus
Cincinnati
Louisville
Frankfort
Inner Bluegrass Region
Outer Bluegrass Region
Green R.
Mammoth Cave
Nashville
Cumberland R.
Knoxville
Cumberland Gap
London
Thames R.
Grand R.
Toronto
Hamilton
Niagara Falls
Buffalo
Rochester
Syracuse
L. Oneida
Utica
L. Simcoe
St. Lawrence R.
Erie
Cleveland
Akron
Canton
Pittsburgh
Charleston
Ohio R.
Muskingum R.
Harrisburg
Susquehanna R.
Wilmington
Baltimore
Washington
Potomac R.
Shenandoah
Rappahannock R.
James R.
Richmond
Roanoke
Roanoke R.
Raleigh
Tar R.
Neuse R.
Charlotte
Elliott Knob
Great Valley

STATE OF ILLINOIS

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP)

All Budgeted Fund Groups (See Note 2)

For the Year Ended June 30, 1985
(Expressed in Thousands)

	General Purpose Funds		
	Final Budget	Actual	Varianc Over (Un
Revenues:			
Income taxes	$ 3,170,635	$ 3,517,920	$ 347,
Sales taxes	3,132,011	3,135,768	3,
Public utility taxes	710,028	646,200	(63,
Motor fuel taxes			
Federal government	1,427,964	1,501,404	73,
Other	658,069	721,934	63,
Less:			
Refunds	631,904	627,450	(4,
Total Revenues	8,466,803	8,895,776	428,
Expenditures:			
Current:			
Education	3,428,134	3,412,478	(15,
Health and social services	2,680,605	2,646,662	(33,
General government	588,654	554,094	(34,
Transportation	13,869	12,798	(1,
Social assistance	1,370,388	1,345,584	(24,
Public protection and justice	583,337	560,267	(23,
Natural resources and recreation	82,838	80,081	(2,
Debt service:			
Principal			
Interest	21,164	16,337	(4,
Capital outlays	72,958	67,719	(5,
Total expenditures	8,841,947	8,696,020	(145,
Excess (deficiency) of revenues over expenditures	(375,144)	199,756	574,
Other sources (uses) of financial resources:			
Proceeds from general obligation bond issues			
Operating transfers-in	2,366,056	2,517,114	151,
Operating transfers-out	(2,450,020)	(2,500,245)	(50,
Budgetary funds-nonbudgeted accounts			
Excess (deficiency) of revenues over expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(459,108)	216,625	675,
Budgetary fund balances (deficits), July 1, 1984, as previously reported	(172,038)	(172,038)	
Reclassifications between budgetary/nonbudgetary funds-net			
Budgetary fund balances (deficits), July 1, 1984, as reclassified	(172,038)	(172,038)	
Budgetary fund balances (deficits), June 30, 1985	**$ (631,146)**	**$ 44,587**	**$ 675,**

The accompanying notes to the financial statements are an integral part of this statement.

	Highway Funds			University Funds			Special State Funds		
er)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
35							$ 346,853	$ 377,463	$ 30,610
57							31,930	31,739	(191)
28)							174,177	207,303	33,126
	$ 612,580	$ 627,269	$ 14,689						
40	611,000	595,195	(15,805)	$ —	$ 89	$ 89	8,175	7,381	(794)
55	553,000	590,409	37,409	194,000	196,849	2,849	772,754	987,764	215,010
54)	21,344	19,503	(1,841)	50	24	(26)	454	162	(292)
73	1,755,236	1,793,370	38,134	193,950	196,914	2,964	1,333,435	1,611,488	278,053
56)				188,795	184,659	(4,136)	33,152	32,747	(405)
13)							55,060	46,081	(8,979)
60)	113,158	112,035	(1,123)				1,142,095	1,099,778	(42,317)
71)	1,595,979	1,583,164	(12,815)				100,451	98,115	(2,336)
04)	1,346	950	(396)	972	406	(566)	2,000	—	(2,000)
70)	30,498	30,346	(152)				50,003	45,667	(4,336)
57)							30,258	27,668	(2,590)
27)									
39)	36,805	31,755	(5,050)	15,810	15,437	(373)	8,036	7,703	(333)
57)	1,777,786	1,758,250	(19,536)	205,577	200,502	(5,075)	1,421,055	1,357,759	(63,296)
00	(22,550)	35,120	57,670	(11,627)	(3,588)	8,039	(87,620)	253,729	341,349
8	731,220	738,554	7,334				400,350	469,061	68,711
5)	(785,660)	(792,598)	(6,938)				(547,722)	(640,225)	(92,503
							18,719	18,719	—
3	(76,990)	(18,924)	58,066	(11,627)	(3,588)	8,039	(253,711)	63,846	317,557
—	128,512	128,512	—	284	284	—	113,491	113,491	—
							522	522	—
—	128,512	128,512	—	284	284	—	114,013	114,013	—
3	**$ 51,522**	**$ 109,588**	**$ 58,066**	**$ (11,343)**	**$ (3,304)**	**$ 8,039**	**$ (139,698)**	**$ 177,859**	**$ 317,557**

Bond Financed Funds			Debt Service Funds			Federal Trust Funds		
Final Budget	**Actual**	**Variance Over (Under)**	**Final Budget**	**Actual**	**Variance Over (Under)**	**Final Budget**	**Actual**	**Varianc Over (Und**
			$ 500	$ 1,865	$ 1,365	$ 1,257,453	$ 1,219,614	$ (37,
			6,001	8,845	2,844	11,894	17,289	5,
						610	35	(
			6,501	10,710	4,209	1,268,737	1,236,868	(31,
$ 30,828	$ 1,645	$ (29,183)				452,635	419,813	(32,
						336,835	282,623	(54,
3,211	3,115	(96)				365,110	312,146	(52,
125,384	112,408	(12,976)				27,637	27,610	
						194,093	162,284	(31,
235	136	(99)				22,062	13,650	(8,
40,301	38,535	(1,766)				33,757	21,309	(12,
			192,515	192,503	(12)			
162,340	151,657	(10,683)	240,817	236,857	(3,960)	33,164	12,084	(21,
						5,886	5,002	(8
362,299	307,496	(54,803)	433,332	429,360	(3,972)	1,471,179	1,256,521	(214,
(362,299)	(307,496)	54,803	(426,831)	(418,650)	8,181	(202,442)	(19,653)	182,
350,000	348,355	(1,645)						
—	245	245	524,126	529,350	5,224	42,888	38,959	(3,
—	(245)	(245)	(90,628)	(90,328)	300			
						31,991	31,991	
(12,299)	40,859	53,158	6,667	20,372	13,705	(191,545)	(12,685)	178,
103,187	103,187	—	102,438	102,438	—	(41,242)	(41,242)	
						10,489	10,489	
103,187	103,187	—	102,438	102,438	—	(30,753)	(30,753)	
90,888	**$ 144,046**	**$ 53,158**	**$ 109,105**	**$ 122,810**	**$ 13,705**	**$ (222,298)**	**$ (43,438)**	**$ 178,**

	Revolving Funds			State Trust Funds			Total (Memorandum Only)		
r)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
							$ 3,517,488	$ 3,895,383	$ 377,895
							3,163,941	3,167,507	3,566
							884,205	853,503	(30,702)
							612,580	627,269	14,689
9)				$ 54,491	$ 90,270	$ 35,779	3,359,583	3,415,818	56,235
5	$ 132,000	$ 134,584	$ 2,584	78,253	82,246	3,993	2,405,971	2,739,920	333,949
5)	5	1	(4)				654,367	647,175	(7,192)
9)	131,995	134,583	2,588	132,744	172,516	39,772	13,289,401	14,052,225	762,824
2)	2,446	2,365	(81)	76,243	75,641	(602)	4,212,233	4,129,348	(82,885)
2)				1,142	187	(955)	3,073,642	2,975,553	(98,089)
4)	133,410	120,364	(13,046)	41,355	40,685	(670)	2,386,993	2,242,217	(144,776)
7)	700	698	(2)				1,864,020	1,834,793	(29,227)
9)				22,210	18,702	(3,508)	1,591,009	1,527,926	(63,083)
2)	12,943	11,242	(1,701)	252	96	(156)	699,330	661,404	(37,926)
8)				3,627	3,117	(510)	190,781	170,710	(20,071)
							192,515	192,503	(12)
0)							295,145	265,278	(29,867)
4)	3,542	2,516	(1,026)	802	270	(532)	306,179	282,059	(24,120)
8)	153,041	137,185	(15,856)	145,631	138,698	(6,933)	14,811,847	14,281,791	(530,056)
9	(21,046)	(2,602)	18,444	(12,887)	33,818	46,705	(1,522,446)	(229,566)	1,292,880
							350,000	348,355	(1,645)
9)							4,064,640	4,293,283	228,643
				(1,329)	(1,515)	(186)	(3,875,359)	(4,025,156)	(149,797)
—				25,631	25,631	—	76,341	76,341	—
0	(21,046)	(2,602)	18,444	(39,847)	6,672	46,519	(1,059,506)	310,575	1,370,081
—	(14,310)	(14,310)	—	55,433	55,433	—	275,755	275,755	—
—				(21,156)	(21,156)	—	(10,145)	(10,145)	—
—	(14,310)	(14,310)	—	34,277	34,277	—	265,610	265,610	—
0	**$ (35,356)**	**$ (16,912)**	**$ 18,444**	**$ (5,570)**	**$ 40,949**	**$ 46,519**	**$ (793,896)**	**$ 576,185**	**$ 1,370,081**

STATE OF ILLINOIS

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types, Nonexpendable and Pension Trust Funds

For the Year Ended June 30, 1985
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type		Total
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	(Memoran Only)
Operating revenues:					
Charges for sales and services	$ 1 393 648	$ 140 849			$ 1 534
Contributions -					
Employer				$ 426 274	426
Employee			$ 14 497	387 783	402
Interest and other investment income	167 445	32	8 379	723 137	898
Other	10 023	664		17	10
Total operating revenues	1 571 116	141 545	22 876	1 537 211	3 272
Operating expenses:					
Costs of sales and services	100 750	114 060	296		21
Benefit payments and refunds			4 086	628 675	63
Prizes and claims	586 444				586
Interest	146 931	621		14	147
General and administrative	97 575	13 755	28	8 104	119
Depreciation	37 975	7 605		475	46
Other	101	1 285			1
Total operating expenses	969 776	137 326	4 410	637 268	1 748
Operating income	601 340	4 219	18 466	899 943	1 523
Nonoperating revenues	9	652			
Nonoperating expenses	(713)	(259)			
Income before operating transfers	600 636	4 612	18 466	899 943	1 523
Operating transfers-in	11 206	285			11
Operating transfers-out	(522 046)				(522
Net income	89 796	4 897	18 466	899 943	1 013
Add depreciation on fixed assets acquired by capital grants that reduces\contributed capital		987			
Increase in retained earnings	89 796	5 884	18 466	899 943	1 014
Retained earnings/fund balances, July 1, 1984	527 100	21 395	57 458	6 957 187	7 563
Retained earnings/fund balances, June 30, 1985	**$ 616,896**	**$ 27,279**	**$ 75,924**	**$ 7,857,130**	**$ 8,577**

The accompanying notes to the financial statements are an integral part of this statement

STATE OF ILLINOIS

Combined Statement of Changes in Financial Position
All Proprietary Fund Types, Nonexpendable and Pension Trust Funds

For the Year Ended June 30, 1985
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type		Total
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	(Memorandum Only)
Sources of working capital:					
Operations					
Net income	$ 89,796	$ 4,897	$ 18,466	$ 899,943	$ 1,013,102
Items not requiring working capital:					
Depreciation	37,975	7,605		475	46,055
Other	1,134	84		23	1,241
Working capital provided by operations	128,905	12,586	18,466	900,441	1,060,398
Proceeds from sale of revenue bonds and other long-term obligations	492,011	10,020			502,031
Contributed capital	5,535	169			5,704
Other sources	90,968		4,889		95,857
Total sources of working capital	717,419	22,775	23,355	900,441	1,663,990
Uses of working capital:					
Acquisition of property, plant and equipment	74,401	12,720		446	87,567
Retirement of revenue bonds and long-term obligations	171,193	9,043			180,236
Other, primarily net increase in mortgage and construction loans receivable	642,960	6	23,207		666,173
Total uses of working capital	888,554	21,769	23,207	446	933,976
Net increase (decrease) in working capital	**$ (171,135)**	**$ 1,006**	**$ 148**	**$ 899,995**	**$ 730,014**
Elements of net increase (decrease) in working capital:					
Cash and cash equivalents	$ (137,808)	$ 3,779	$ 124	$ 1,732	$ (132,173)
Investments, current portion	(3,322)			867,217	863,895
Receivables	15,188	324	(1)	23,765	39,276
Due from other funds	3,851	3,661		2,953	10,465
Inventories	(674)	745			71
Prepaid expenses	798	(4)			794
Accounts payable and accrued liabilities	(20,302)	(4,133)	(15)	4,219	(20,231)
Intergovernmental payables	(6,158)	118			(6,040)
Due to other funds	(10,051)	(314)	44	14	(10,307)
Deferred revenue	(3,903)	197			(3,706)
Liabilities payable from restricted assets	(637)				(637)
Other liabilities	(8,117)	(3,367)	(4)	95	(11,393)
Net increase (decrease) in working capital	**$ (171,135)**	**$ 1,006**	**$ 148**	**$ 899,995**	**$ 730,014**

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS

Combined Statement of Changes in Fund Balances
University and College Fund Type

For the Year Ended June 30, 1985
(Expressed in Thousands)

	Current Funds						Endowment
	Unrestricted		Restricted		Loan Funds		Similar Fu
Revenues and other additions:							
Unrestricted current fund revenues	$	694,548					
Federal and local grants and contracts-restricted			$	214,589	$	1,069	
State grants and contracts-restricted				23,410			
Other State sources							
Private gifts, grants and contracts-restricted				84,943		2,176	$
Investment income				6,017		472	
Realized gain(loss) on investments-restricted (net)							
Interest and fees on loans receivable						1,192	
Expended for plant facilities -							
Current funds							
Plant funds							
Other							
Retirement of long-term obligations							
Bonds defeased/advanced refundings							
Other		2,518		1,167		916	
Total revenues and other additions		697,066		330,126		5,825	
Expenditures and other deductions:							
Educational and general expenditures		1,192,662		290,948			
Auxiliary enterprises expenditures		206,747		490			
Hospital expenditures		119,642		43			
Independent operations expenditures		6,129		7			
Foundation expenditures							
Indirect costs recovered				36,757			
Refunds of grants and adjustments to grants				236		264	
Loan cancellations and write-offs						1,458	
Change in allowance for uncollectible notes						1,397	
Administrative and collection cost						592	
Expended for plant facilities (including noncapitalized expenditures of $9,623)		1,520		169			
Retirement of long-term obligations							
Bonds issued for defeasance							
Disposal of plant facilities							
Other		978		80		187	
Total expenditures and other deductions		1,527,678		328,730		3,898	
Transfers-additions (deductions):							
Mandatory:							
Retirement of long-term obligations		(23,413)		(826)			
Student loan matching grants		(195)		66		129	
Renewals and replacements		(5,560)					
Other		(547)		268			
Nonmandatory:							
Transfers-in from State treasury funds		835,475		10,775			
Transfers-out to State treasury funds		(21)		(229)			
Other		(2,788)		(2,262)		(8)	
Total transfers		802,951		7,792		121	
Net increase (decrease)		(27,661)		9,188		2,048	
Fund balances, July 1, 1984		65,340		55,651		54,924	30
Fund balances, June 30, 1985	**$**	**37,679**	**$**	**64,839**	**$**	**56,972**	**$ 31**

The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds					
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Foundations	Total
				$ 17,055	$ 711,603
$ 474		$ 437	$ 808		217,377
			683		24,093
1,427	$ 7,587	299	2,782		12,095
1,131			7,836	27,347	123,852
502	545	1,578		7,986	17,146
		(1,993)		1,479	278
					1,192
			95,059	225	95,284
314			19,347	1,086	20,747
			6,508		6,508
			34,178	157	34,335
			127,565		127,565
1,711	6	56,138	1,639	3,421	67,516
5,559	8,138	56,459	296,405	58,756	1,459,591
76					1,483,688
					207,237
					119,685
					6,136
				39,683	39,683
					36,757
					503
					1,458
					1,397
14					606
11,051	11,096	1,166	3,320	67	28,389
		40,268		251	40,519
			83,583		83,583
			28,273		28,273
92	5	56,918	11,710	1,058	71,041
11,233	11,101	98,352	126,886	41,059	2,148,955
(722)		24,931	30		—
					—
	5,560				—
164	1,197	(1,084)	2		—
					846,250
					(250)
3,685	833	843	65		—
3,127	7,590	24,690	97		846,000
(2,547)	4,627	(17,203)	169,616	17,697	156,636
6,442	18,285	45,641	2,278,617	101,009	2,656,767
$ 3,895	**$ 22,912**	**$ 28,438**	**$ 2,448,233**	**$ 118,706**	**$ 2,813,403**

STATE OF ILLINOIS

Combined Statement of University and College Current Funds
Revenues, Expenditures and Other Changes

For the Year Ended June 30, 1985
(Expressed in Thousands)

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	$ 245,440	—	$ 245,440
Federal and local grants and contracts	31,927	$ 179,045	210,972
State grants and contracts	1,402	21,521	22,923
Private gifts, grants and contracts	4,494	53,104	57,598
Investment income	4,388	2,937	7,325
Sales and services	370,181	2	370,183
Other	36,716	25,676	62,392
Total revenues	694,548	282,285	976,833
Expenditures and mandatory transfers:			
Educational and general			
Instruction	515,394	43,957	559,351
Research	53,524	125,618	179,142
Public service	55,479	51,035	106,514
Academic support	150,527	5,955	156,482
Student services	64,601	3,296	67,897
Institutional support	151,879	2,905	154,784
Operation and maintenance of plant	166,177	126	166,303
Scholarships and fellowships	35,081	58,056	93,137
Total educational and general	1,192,662	290,948	1,483,610
Auxiliary enterprises	206,747	490	207,237
Hospitals	119,642	43	119,685
Independent operations	6,129	7	6,136
Total expenditures	1,525,180	291,488	1,816,668
Mandatory transfers			
Retirement of long-term obligations	23,413	826	24,239
Student loan matching grants	195	(66)	129
Renewals and replacements	5,560		5,560
Other	441	(328)	113
Total mandatory transfers	29,609	432	30,041
Total expenditures and mandatory transfers	1,554,789	291,920	1,846,709
Operating transfers and additions (deductions):			
Transfers-in from State treasury funds	835,475	10,775	846,250
Transfers-out to State treasury funds	(21)	(229)	(250)
Other transfers	(3,168)	(2,442)	(5,610)
Excess of restricted receipts over transfers to revenue		11,357	11,357
Other additions (deductions)	294	(638)	(344)
Total operating transfers and additions	832,580	18,823	851,403
Total increase (decrease) in fund balances	**$ (27,661)**	**$ 9,188**	**$ (18,473)**

The accompanying notes to the financial statements are an integral part of this statement.

Notes To The Financial Statements

STATE OF ILLINOIS
June 30, 1985

1. Significant Accounting Principles and Policies:

A. Basis of Presentation—The accompanying financial statements of the State of Illinois have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). The financial statements of the university and college funds have been prepared in conformity with generally accepted accounting principles for colleges and universities.

B. Financial Reporting Entity—For financial reporting purposes, in conformance with National Council on Governmental Accounting ("NCGA") Statement 3, as recognized by GASB Statement 1, the State of Illinois includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities, universities and colleges over which the State's executive or legislative branches exercise oversight responsibility. Oversight responsibility was defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization's public service, and/or special financing relationships.

Based on the application of the NCGA Statement 3 criteria, the following organizations meet the oversight criteria and are included in the accompanying financial statements.

Financing Authorities

Illinois Housing Development Authority
Illinois Development Finance Authority
Illinois Educational Facilities Authority
Illinois Health Facilities Authority
Illinois Farm Development Authority
Illinois Independent Higher Education Loan Authority
Illinois Building Authority

Universities and Colleges

State-owned Universities and Colleges and their related Foundations and Associations

Retirement Systems

The General Assembly Retirement System
The Judges' Retirement System of Illinois
State Employees' Retirement System of Illinois
Teachers' Retirement System of the State of Illinois
State Universities Retirement System

Others

Illinois State Toll Highway Authority
Bureau of Liquidations, Conservations and Rehabilitations
Medical Center Commission
Illinois State Scholarship Commission

The following organizations have been determined not to be part of the reporting entity after applying the manifestations of oversight, scope of public service, or special financing relationships criteria of NCGA Statement 3 and are therefore excluded from the accompanying financial statements because the State does not control the assets, operations or management of the respective entities:

Local Governments and Special Purpose Districts

- Illinois Port Districts
- Regional Planning Commissions
- Local Civic Center Authorities
- Regional Transportation Authority
- Metropolitan Fair and Exposition Authority
- Local government pension funds including:
  - Chicago Teachers' Pension Retirement System
  - Illinois Municipal Retirement Fund
- Locally controlled community colleges

C. Fund Accounting —The financial activities of the State are organized on a basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

Governmental Fund Types

General —Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, social assistance, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains two primary sub-accounts (General Revenue and Common School) with numerous secondary sub-accounts.

Special Revenue —Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service —Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases, compensated absences, and unfunded retirement costs) are generally accounted for in debt service funds.

Capital Projects —Transactions related to resources obtained and used for the acquisition or construction of major capital facilities including those provided to political subdivisions and other public organizations, which are charged to expenditures (other than those financed by proprietary, fiduciary, and university and college fund types) are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues, federal grants, and operating transfers from the General Fund.

Proprietary Fund Types

Enterprise —Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service —Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust —

Expendable —Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Nonexpendable —Nonexpendable trust funds account for assets held by the State in a trustee capacity where only income derived from the principal may be expended in the course of the funds' designated operations. The principal must be preserved intact.

Pension —Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the various State public employee retirement systems.

Agency —Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

University and College Fund Type

University and college funds account for the operations of State universities and colleges, including their foundations and associations, in accordance with existing authoritative accounting and reporting principles applicable to universities and colleges. Accordingly, the University and College Fund Type is an aggregation of the following funds.

Current —Current funds account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the governing body for any other purpose. Resources restricted for specific current operating purposes by a donor or other external agency are accounted for as restricted current funds.

Loan —Loan funds account for resources available for loans to students, staff and faculty.

Endowment and Similar —Endowment and similar funds are similar to trust funds in that they must be administered in accordance with the terms of the applicable agreement.

Plant —Plant funds consist of resources available to acquire or repair institutional properties, to service debt incurred to acquire such properties and the cost of fixed assets and the sources from which the cost is funded, including associated liabilities.

The plant funds resources and activities are accounted for in four subgroups which are unexpended, renewals and replacements, retirement of indebtedness and investment in plant.

Agency —Agency funds consist of funds held by the institution acting in the capacity of an agent, for distribution to designated beneficiaries.

Foundations —Foundations and associations have been established to promote and serve the interests and welfare of their respective universities.

Account Groups

General Fixed Assets —General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than those accounted for in proprietary, fiduciary and university and college fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligations —Unmatured general obligation bonds, unfunded retirement costs, and other long-term obligations not recorded in proprietary, fiduciary and university and college fund types are recorded in the General Long-Term Obligations Account Group.

D. Basis of Accounting —

Governmental Fund Types and Expendable Trust and Agency Funds —The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year; expenditures and liabilities are recognized upon receipt of goods and services. Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes and motor fuel taxes. Modifications to the accrual basis of accounting include:

- Self assessed taxes, principally income, excise and wealth taxes, are recognized as receivables and revenues in the period to which they apply subject to their availability.
- Fines, penalties, licenses and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Interest on long-term obligations reflected in the General Long-Term Obligations Account Group is recognized in the debt service funds when it becomes payable.

Proprietary Fund Types and Nonexpendable and Pension Trust Funds —The accounts of the enterprise, internal service, nonexpendable trust and pension trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

University and College Fund Type —The accounts of the university and college funds are reported using the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets generally is not recorded.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

E. Eliminations —Eliminations have been integrated into the report only to eliminate the duplicate activities of certain funds and intrafund accounts which would significantly overstate the financial position within the related fund type.

F. Total (Memorandum Only) Columns —Total columns represent an aggregation of the fund type and account group financial statements. They are presented for information only and do not represent consolidated financial information.

G. Budgetary Process —The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various Treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through the passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law ~~or~~ by discretionary action available to the Governor. The Comptroller's Uniform Statewide Accounting System (CUSAS) controls expenditures by line-item as established in approved appropriation bills and the level of legal control is reported in a publication titled A *Detailed Report of Expenditures and Revenues*. A separate document is necessary since the State has over 6,500 appropriated line items.

Administrative transfers between certain appropriation line-items within the same treasury-held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Legislative action is required for more substantial transfers.

Unexpended appropriations are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 90 day "lapse period." Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program which requires additional time for completion.

Budget revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP) represent original estimates, while budgeted expenditures represent original appropriations modified by supplemental and amendatory appropriations aggregating $687 million. Budgets are essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

CUSAS establishes the following budgetary fund groups to account for the State's budgetary activities:

General Purpose—funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds.

Highway—funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State.

University—funds established to receive revenues such as fees, tuition and excess income from auxiliary enterprises at State-supported institutions of higher education.

Special State—funds designated by statute as special funds in the State Treasury and not elsewhere classified.

Bond—funds established to receive and administer the proceeds of various bond issues of the State.

Debt Service—funds established to finance and account for the payment of principal redemption and interest generally associated with the general obligation bond issues of the State.

Federal Trust—funds established pursuant to grants and contracts between State agencies and the federal government.

Revolving—funds established to finance and account for intra-governmental services.

State Trust—funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

H. **Cash Equivalents**—Cash equivalents consist principally of certificates of deposit, repurchase agreements and U.S. treasury bills, and are stated at cost which approximates market value.

I. **Investments**—Investments are stated on the basis of cost. Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds which are statutorily authorized to be separately invested and specifically credited with the income realized thereon.

Inventories—Inventories are valued at the lower of cost or market, principally on the first-in, first-out and the consumption method.

K. Interfund Transactions —The State has the following types of interfund transactions:

Quasi-external transactions —Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements —Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers —Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers —Legally authorized transfers other than residual equity transfers are reported as operating transfers.

L. Property, Plant and Equipment —

General Fixed Assets —General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. Fixed asset records are used by the State primarily to assure accountability. Historical cost records for certain general fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest expenditure incurred during the construction period capitalized.

Proprietary and Fiduciary Fund Types —Property, plant and equipment are stated at cost or, for donated assets, at fair market value at date of acquisition. It is the State's policy to capitalize interest expense incurred on significant assets during their construction. Generally, property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets as follows:

	Years
Land improvements	20-50
Buildings and building improvements	20-50
Equipment	3-10

University and College Fund Type —Property, plant and equipment are recorded at cost or, for donated assets, at fair market value at date of acquisition. Generally, public domain (infrastructure) assets such as streets, sidewalks, lighting systems and curbs are not capitalized. Depreciation generally is not provided on property, plant and equipment.

M. Retirement Costs —Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 9). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and colleges, and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the provisions of Accounting Principles Board (APB) Opinion No. 8 and, based on actuarial consultations, generally with the exception of the last four years, fund amounts at least as great as the retirement benefits payable during the year.

Effective July 1, 1980 the State prospectively adopted the provisions of Accounting Principles Board (APB) Opinion No. 8 to determine pension expense. Accordingly, calculated pension expense comprises normal cost plus interest on unfunded prior service cost and amortization of prior service costs over forty years. For the period of change and subsequent years, the excess of pension expense so calculated over amounts funded represent long-term obligations of the State and have been reflected in the General Long-Term Obligations Account Group.

N. Compensated Absences —The amounts of unpaid vacation and sick leave accumulated by State employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The State uses the last-in, first-out method of recognizing the use of compensated absences. Employees are charged for the last day of compensated vacation or sick leave earned when the compensated leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Obligations Account Group.

O. Encumbrances —The State employs encumbrance accounting for all governmental fund types. All contracts, purchase orders and other commitments for goods or services that have not been received/rendered are reported as reservations of fund balances, not as expenditures.

P. Reservations/Designations of Fund Equity —

Reservations

Governmental and Fiduciary Fund Types —Fund balances of governmental and fiduciary fund types which are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

University and College Fund Type —Fund balances of university and college funds which are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Proprietary Fund Types —Reserved retained earnings of the proprietary funds are legally restricted for the payments of capital maintenance and debt service related to revenue bonds and bond anticipation notes and for other purposes.

Designations

Designations of unreserved fund balances in governmental, fiduciary and university and college fund types indicate the State's plan for use of financial resources in future periods.

Q. Risk Management —Insurance in force on State owned assets is limited except for certain university facilities. Further, the State makes no provision for anticipated losses in the event of involuntary conversions. The State has had no problem in meeting any losses sustained from its current resources in the past, even though no insurance coverage is purchased.

R. Grants —Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement type grants are recorded as revenues when the related expenditures or expenses are recorded. Uses of grant resources are conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include the grants being subject to financial and compliance audits.

2. Budgetary Basis Vs. GAAP:

The accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP), All Budgeted Fund Groups, presents comparisons of the legally adopted budget (more fully described in Note 1G) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation (amounts expressed in thousands) of resulting basis, perspective, entity and timing differences in the excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for the year ended June 30, 1985 is presented below:

Budgetary Fund Groups	**General Purpose**	**Highway**	**University**	**Special State**
Financial Statement Fund Types	**General**		**University and College**	**Special Revenue**
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources (budgetary basis)	$ 216,625	$ (18,924)	$ (3,588)	$ 63,846
Adjustments:				
To adjust revenues, related receivables and deferred revenue	129,721	100,111		524,729
To adjust expenditures/expenses and related liabilities	(130,603)	(1,664)		(515,475)
To adjust for lapse period expenditures which were not recorded as liabilities	647	(4,376)		4,076
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)—budgetary classifications	216,390	75,147	(3,588)	77,176
Reclassifications and adjustments:				
To reclassify excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources into financial statement fund types		(75,147)	109	55,296
To record excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for nonbudgeted funds and accounts	(328)		160,115	889
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)	**$ 216,062**	**$ —**	**$ 156,636**	**$ 133,361**

3. Investments:

Investments (amounts expressed in thousands), of which $7,714 million is attributable to the Pension Trust Funds (see Note 9), at June 30, 1985 consisted of the following:

	Fund Types			
	General	**Enterprise**	**Trust**	**Universities and Colleges**
U.S. Treasury and agency obligations		$ 522,789	$ 1,744,483	$ 76,763
Commercial paper			610,489	19,226
Corporate equity securities			2,925,805	32,696
Corporate debt securities			2,146,211	12,191
Other	$ 110,995		361,813	13,200
	$ 110,995	**$ 522,789**	**$ 7,788,801**	**$ 154,076**

For all of the above amounts, market value approximates cost with the exception of the trust funds where market value approximates $8,318 million.

Bond Financed	Debt Service	Federal Trust	Revolving Funds	State Trust		
Capital Projects	**Debt Service**		**Internal Service**		**Enterprise**	**Nonexpendable Trust**
$ 40,859	$ 20,372	$ (12,685)	$ (2,602)	$ 6,672		
	(90,840)	(8,453)	2,738	(9,242)		
2,677	90,329	8,293	4,518	15,633		
(119)		3,749		(131)		
43,417	19,861	(9,096)	4,654	12,932		
		9,096		(12,932)	$ 5,111	$ 18,467
	1,874		243		84,685	(1)
$ 43,417	**$ 21,735**	**$ —**	**$ 4,897**	**$ —**	**$ 89,796**	**$ 18,466**

4. Taxes Receivable:

Taxes receivable (amounts expressed in thousands) at June 30, 1985 consisted of the following:

	Fund Types			
	General	**Special Revenue**	**Expendable Trust**	**Agency**
Income taxes	$ 122,869	$ 34,703		
Sales taxes	153,187	2,830		$ 63,351
Motor fuel taxes	23	53,334		
Public utility taxes	45,177	7		
Unemployment compensation taxes			$ 341,648	
Other taxes	24,409	5,246		464
	$ 345,665	**$ 96,120**	**$ 341,648**	**$ 63,815**

5. Due From/To Other Funds:

The following balances (amounts expressed in thousands) at June 30, 1985 represent due from/to balances among all funds.

Fund Type/Fund	Due From		Due To	
General		$ 162,281		$ 143,536
Special Revenue:				
State Construction Account		28,616		66
Public Transportation Fund		21,699		
Motor Fuel Tax Fund		20,524		30,351
Local Government Distributive Fund		15,243		
Road Fund		12,577		19,710
Unemployment Compensation Special Administration Fund		6,614		12,582
Downstate Public Transportation Fund		5,005		2,074
Personal Property Tax Replacement Fund				88,546
Tourism Fund				10,801
Other funds		15,223		21,195
		125,501		185,325
Capital Projects				1,484
Enterprise:				
State Lottery Fund				25,597
Other funds		8,803		9,971
				35,568
Internal Service:				
Communications Revolving Fund		15,870		289
Statistical Services Revolving Fund		5,199		144
Other funds		8,760		290
		29,829		723
Trust and Agency:				
Expendable Trust -				
Illinois Unemployment Compensation Trust Fund	$ 14,677		$ 6,614	
Nonexpendable Trust	1		43	
Pension Trust -				
State Employees Retirement System Fund	5,945		21	
Other funds	3,306		43	
	9,251		64	
Agency -				
Group Insurance Premium Fund	1,426		12,331	
Public Assistance Recoveries Trust Fund			15,069	
Other funds	4,260		4,371	
	5,686	29,615	31,771	38,492
Universities and Colleges:				
Current Unrestricted		52,605		6,079
Current Restricted		7,511		5,734
Other funds		5,529		4,733
		65,645		16,546
		$ 421,674		**$ 421,674**

6. Loans and Notes Receivable:

Loans and notes receivable (amounts expressed in thousands) at June 30, 1985 consisted of the following:

	Fund Types				
	General	Special Revenue	Enterprise	University and College	Total
Mortgage loan program		$ 175	$ 962,142		$ 962,317
Student loan program	$ 51	142	105,937	$ 67,089	173,219
Port districts construction	17,094				17,094
School Building Commission construction	11,952				11,952
Small business loan program		7,740			7,740
Other		100		157	257
	29,097	8,157	1,068,079	67,246	1,172,579
Less, allowance for uncollectable accounts		8	16,642	15,474	32,124
Loans and notes receivable, net	**$ 29,097**	**$ 8,149**	**$ 1,051,437**	**$ 51,772**	**$ 1,140,455**

7. Property, Plant and Equipment:

Property, plant and equipment (amounts expressed in thousands) at June 30, 1985 consisted of the following:

	General Fixed Assets Account Group	Fund Types			
		Enterprise	**Internal Service**	**Trust**	**University and College**
Land and land improvements	$ 342,868	$ 1,024,628	$ 335	$ 504	$ 151,469
Buildings and building improvements	861,937	287	10,304	4,640	1,685,600
Equipment	563,535	22,072	57,361	2,427	858,435
Construction in progress	651,160				9,044
	2,419,500	1,046,987	68,000	7,571	2,704,548
Less: Accumulated depreciation		425,713	38,271	2,644	
	$ 2,419,500	**$ 621,274**	**$ 29,729**	**$ 4,927**	**$ 2,704,548**

Changes in general fixed assets (amounts expressed in thousands) for the year ended June 30, 1985 are presented below:

	Balance July 1, 1984	Additions	Deletions/ Net Transfers	Balance June 30, 1985
Land and land improvements	$ 347,154	$ 3,271	$ 7,557	$ 342,868
Buildings and building improvements	846,412	42,126	26,601	861,937
Equipment	466,134	126,096	28,695	563,535
Construction in progress	589,815	144,111	82,766	651,160
	$ 2,249,515	**$ 315,604**	**$ 145,619**	**$ 2,419,500**

Construction in progress (amounts expressed in thousands) included in General Fixed Assets Account Group is composed of the following:

Project	Project Authorization	Expended through June 30, 1985	Committed	Available Authorizatio
State of Illinois Center	$ 171,302	$ 167,374	$ 2,332	$ 1,59
Department of Revenue Building	69,999	65,852	1,007	3,14
University of Illinois replacement hospital	58,970	58,784	184	
Vienna Correctional Center	41,500	36,408	1,970	3,12
Galesburg Correctional Center	39,111	8,243	20,242	10,62
Danville Correctional Center	26,336	25,219	1,117	-
University of Illinois Veterinarian Medical Basic Science Building	23,504	23,452	31	2
University of Illinois Abbott Power Conversion	21,900	6,000	8,043	7,85
Department of Conservation Sand Ridge Fish Hatchery	15,316	15,253	27	3
Other projects less than $15 million	435,868	244,575	58,273	133,02
Total	**$ 903,806**	**$ 651,160**	**$ 93,226**	**$ 159,42**

8. Notes Payable:

The State agencies and authorities listed below generally issue short-term notes, normally secured by specific revenue sources, to provide temporary financing. Outstanding notes payable (amounts expressed in thousands) at June 30, 1985 were as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise- State Scholarship Commission	$ 75,825	See Below	Demand
Universities and Colleges	4,844	3% to 13.50%	2009
	$ 80,669		

State Scholarship Commission (Commission) -

The Commission is authorized to issue Student Loan Revenue Notes. The notes and related interest are payable solely from the revenues and other funds of the Commission. On June 30, 1985, the Commission had $76 million of notes outstanding due no later than one year after the date issued or upon demand. The interest rate is 69.875% of the weekly 91-day U.S. Treasury Bill rate, with a maximum interest rate of 12.212%.

Subsequent to June 30, 1985, the Commission issued new revenue notes in exchange for Series W notes in the amount of $5 million. These notes were due one year after issued, on demand, or the first business day of the month following any regular meeting of the Commission if the prime interest rate exceeds 16.107%, with a maximum interest rate of 11.275%. However, in September, 1985, the Commission issued notes in exchange for all outstanding notes in the amount of $76 million. These notes are due January 11, 1999, on demand, or on the first business day of the month following any regular meeting of the Commission if the prime interest rate exceeds 16.232%, with a maximum interest rate of 11.362%.

Universities and Colleges -

Universities and colleges have issued notes payable aggregating $5 million at June 30, 1985. The notes are generally secured through revenues (i.e., lease payment agreements) derived from the operations of the projects constructed, although portions of the notes outstanding are unsecured.

9. Retirement Systems:

The State of Illinois sponsors the following defined benefit public employee retirement plans:

- State Employees' Retirement System of Illinois (SERS)—established in 1944 to provide coverage to substantially all employees of the State (excluding universities).
- Teachers' Retirement System of the State of Illinois (TRS)—established in 1939 to provide coverage to teachers employed by public school districts in Illinois (excluding Chicago).
- State Universities Retirement System (SURS)—established in 1941 to provide coverage to faculty and staff of State universities, community colleges and related agencies.
- Judges' Retirement System (JRS)—established in 1941 to provide coverage to substantially all judges of the Supreme Court, Appellate Courts, Circuit Courts and Court of Claims.
- General Assembly Retirement System (GARS)—established in 1947 to provide coverage to all members of the General Assembly and certain elected State officials.

These systems provide for employee contributions, based on fixed percentages ranging from 4% o 11% applied to an employee's annual compensation, supplemented by contributions provided by the State. Funding by the State is determined by the budgetary process and is based, in part, on actuarial consultations, generally without regard to pension cost calculated in accordance with he provisions of APB Opinion No. 8 (see Note 1M). The amounts by which pension cost so calculated exceeded amounts funded, aggregating $484 million for the year ended June 30, 1985, have been reflected in the General Long-Term Obligations Account Group and presented in Changes in Long-Term Obligations (see Note 14).

Notes

As of the most recent valuation date, the actuarial present value of accumulated plan benefits for all plans exceeded market value of net assets available for benefits by $4,956 million. The actuarially determined accrued benefit cost for all plans exceeded net assets available for benefits by $7,287 million for the plans presented below.

The following table summarizes various information by plan (amounts expressed in thousands except for employee groups covered) as of June 30, 1985:

	SERS	TRS	SURS	JRS	GARS	Total
Employee groups covered -						
Number of active employees	71,647	97,000	48,447	782	190	218,066
Number of participants	126,182	167,104	67,005	1,115	480	361,886
Actuarial present value of accumulated plan benefits —						
Vested-participants currently receiving benefits	$ 1,182,671	$ 3,129,567	$ 984,656	$ 157,415	$ 24,943	
Vested-other	1,484,152	3,198,354	2,110,760	95,678	7,190	
Nonvested benefits	163,954	453,860	252,093	64,953	29,904	
Total actuarial present value of accumulated plan benefits	2,830,777	6,781,781	3,347,509	318,046	62,037	
Market value of net assets available for benefits	1,748,373	4,598,062	1,903,413	111,029	23,690	
Excess of actuarial present value of accumulated plan benefits over market value of net assets available for benefits	$ 1,082,404	$ 2,183,719	$ 1,444,096	$ 207,017	$ 38,347	
Percentage of net assets available for benefits to actuarial present value of accumulated plan benefits	62%	68%	57%	35%	38%	
Participant contributions refundable generally without interest upon terminations of employment other than normal retirement	$ 554,823	$ 1,493,719	$ 1,018,209	$ 33,683	$ 3,898	
Actuarial cost method —						
Actuarially determined accrued benefit costs	$ 2,868,640	$ 7,981,610	$ 3,761,856	$ 472,497	$ 58,663	
Net assets available for benefits	1,707,451	4,265,310	1,752,292	108,210	23,251	
Excess of actuarially determined accrued benefit costs over net assets available for benefits	$ 1,161,189	$ 3,716,300	$ 2,009,564	$ 364,287	$ 35,412	

Plan investments at June 30, 1985, by major class, stated at market and cost (amounts expressed in thousands) were as follows:

	SERS		TRS		SURS	
	Market	Cost	Market	Cost	Market	Cost
U.S. Treasury and agency obligations	$ 387,191	$ 387,643	$ 1,403,867	$ 1,326,648	$ 440,556	$ 425,24
Commercial paper	387,855	387,855			192,882	192,69
Corporate equity securities	440,995	426,906	1,907,747	1,678,511	909,082	787,46
Corporate debt securities	346,285	355,615	1,110,644	1,086,380	264,044	251,55
Other	166,848	130,233	79,132	77,099	70,504	69,00
	$ 1,729,174	$ 1,688,252	$ 4,501,390	$ 4,168,638	$ 1,877,068	$ 1,725,94

	SERS	TRS	SURS	JRS	GARS	Total
985 Net Funding deficit —						
1985 Retirement costs calculated in accordance with APB Opinion No. 8	$ 224.759	$ 437.114	$ 232.078	$ 14.590	$ 1.958	$ 910.499
Pension contribution funded by the State	94.457	237.590	83.483	8.528	2.216	426.274
1985 Net Funding deficits (surplus) included in the accompanying financial statements as other long-term obligations	$ 130.302	$ 199.524	$ 148.595	$ 6.062	$ (258)	$ 484.225

The change in unfunded pension cost for the year is presented in Note 14.

Present value of accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the plans' provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their average compensation during the years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided under annuity contracts are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for each plan has been determined by consulting actuaries. This amount results from applying actuarial assumptions to adjust the total accumulated plan benefits to reflect the time value of money (through discounts for interest at the rates shown below) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The most recent valuation date for all plans was June 30, 1985, except for SURS for which the date was August 31, 1985. All plans use the entry age normal cost method with the exception of TRS which uses the attained age normal cost method with unit credit past service. Assumed rates of return on investments ranged from 6% to 8%, and assumed salary increases taken into account in determining plan obligations under the actuarial cost method ranged from 5% to 8%. Various mortality tables were used, and the rate of turnover without vested benefits assumed a high scale at younger age levels, becoming progressively lower as age advances, consistent with the plans' experience. The actuarial valuation for the SERS plan reflects the increase in the interest assumption from 7.5% to 8% and the decrease in the level of increase of future salaries from 7.5% to 6.5%. The effects of these changes decreased the actuarial accrued benefit cost by $637 million. The current valuation of the SERS plan also reflects the impact of legislation passed by the 84th General Assembly which extended an alternative benefit formula to certain employees, changed he commencement age for the automatic benefit increase to age 55 for employees who retire nder the alternative formula, and granted a one time increase to those employees who retired nder the alternative formula before the effective date of the legislation. These changes ccounted for a $65 million increase in the actuarial accrued benefit cost. There were no significant amendments to any of the other plans during fiscal year 1985.

he State has not expressed any intention to discontinue its contributions and close the plans' nrollment. However, it would be able to do so, subject to the constitutionally vested rights of lan participants, by appropriately amending State law.

JRS		GARS	
Market	Cost	Market	Cost
24.606	$ 24.593	$ 5.255	$ 5.303
24.648	24.606	5.264	5.306
28.025	27.084	5.985	5.840
22.006	22.561	4.700	4.865
10.667	8.289	2.251	1.702
109.952	$ 107.133	$ 23.455	$ 23.016

10. General Obligation Bonds:

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Also, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 30 years, generally from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal maturing each year. Additionally, Illinois offerings, with the exception of anti-pollution bonds, have call provisions providing for early redemption at the option of the State, generally beginning 15 years following the date of issue in the inverse order of maturity, in whole or in part, at a redemption price not to exceed 103% of par value.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1985, were as follows:

Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amount	
Capital Development	3.25% to 12.0%	$ 1,425,160	$ 257,232
Transportation	3.50% to 12.0%	1,329,400	768,000
Anti-Pollution	3.50% to 12.0%	440,840	131,000
School Construction	3.50% to 12.0%	226,800	90,000
Coal Development	4.80% to 12.0%	31,200	35,000
Public Welfare	3.0%	16,000	
University Building	3.0%	17,600	
Refunding			200,000
		$ 3,487,000	**$ 1,481,232**

Changes in general obligation bonds during the year ended June 30, 1985 are summarized in Note 14.

Future general obligation debt service requirements (amounts expressed in thousands) at June 30, 1985 were as follows:

Year Ending June 30	Principal	Interest	Total
1986	$ 206,500	$ 246,896	$ 453,396
1987	206,500	232,338	438,838
1988	198,700	217,985	416,685
1989	192,700	203,987	396,687
1990	192,700	190,268	382,968
Thereafter	2,489,900	1,432,509	3,922,409
	$ 3,487,000	**$ 2,523,983**	**$ 6,010,983**

The State entered into agreements on September 1, 1985 to issue $150 million of general obligation bonds. The bonds mature serially through 2010 at interest rates ranging from 7.40% to 9.0%.

Direct limited obligation bonds -

Subsequent to June 30, 1985, legislation was enacted to authorize the State to issue $948 million of direct limited obligation bonds, exclusive of any refunding bonds, for the Build Illinois Program. This program has been implemented to increase construction, economic development and employment, educational programs and conservation of environmental and natural resources throughout the State. These bonds are payable primarily from a dedicated portion of the State's sales tax for a period of not more than 30 years. On September 15, 1985, $100 million of such bonds were issued with interest rates ranging from 5.6% to 9.375% and a final maturity of June 15, 2015.

11. Revenue Bonds:

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. These bonds pledge income derived from acquired or constructed assets to retire the debt and service related interest. In addition, certain authorities have issued debt which is classified as "no commitment" debt of the State.

Revenue bonds issued by individual agencies are supported by fees, rentals and tolls assessed to users. Issuing agencies include the Illinois Housing Development Authority (Housing Development, Mortgage Finance, Multi-Family Housing, Single Family Mortgage and Insured Mortgage Housing Development Bonds), State Scholarship Commission (Student Loan Revenue Bonds), Illinois State Toll Highway Authority (Construction Revenue Bonds) and Board of Governors, Board of Regents, Southern Illinois University and the University of Illinois (University Revenue Producing Facilities Construction Bonds).

Bonds outstanding (amounts expressed in thousands) at June 30, 1985, net of unamortized discounts, were as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise			
Illinois Housing Development Authority	$ 1,460,854	5.00% to 13.75%	2028
State Scholarship Commission	80,501	4.80% to 10.60%	1994
Illinois State Toll Highway Authority	204,354	3.75% to 6.75%	2008
	1,745,709		
niversity and College			
Board of Governors of State Colleges and Universities	52,920	6.00% to 7.50%	2013
Board of Regents	64,129	2.00% to 11.10%	2019
Southern Illinois University & Foundation	26,090	5.00% to 10.25%	2007
University of Illinois	62,642	7.00% to 9.70%	2009
	205,781		
	$ 1,951,490		

hanges in revenue bonds during the year ended June 30, 1985 are summarized in Note 14.

Revenue bond debt service requirements, principal and interest, (amounts expressed in thousands) as of June 30, 1985 were as follows:

Year Ending June 30	Enterprise			University and College		Total	
	Principal		Interest	Principal	Interest	Principal	Interest
	Variable	Fixed					
1986	$ —	$ 39,989	$ 151,321	$ 2,882	$ 11,330	$ 42,871	$ 162,651
1987	—	47,397	148,226	2,892	11,021	50,289	159,247
1988	200	30,010	145,205	3,157	10,828	33,367	156,033
1989	200	31,705	143,001	3,738	10,403	35,643	153,404
1990	200	33,795	140,589	3,932	9,924	37,927	150,513
Thereafter	29,200	1,613,050	2,334,499	189,180	106,217	1,831,430	2,440,716
	$ 29,800	**$ 1,795,946**	**$ 3,062,841**	**$ 205,781**	**$ 159,723**	**$ 2,031,527**	**$ 3,222,564**

The Illinois Housing Development Authority has issued variable rate housing bonds for which accurate future interest payments cannot be determined and, therefore, not included in the above amounts.

Total principal debt service requirements include bond discounts of $80 million.

Illinois Housing Development Authority (IHDA) —

The IHDA was created in 1967 to increase the production of low and moderate income housing in Illinois by providing mortgage loans. The IHDA is authorized to have bonds and notes outstanding in an aggregate principal amount not to exceed $1,700 million exclusive of refunding issues. However, subsequent to July 1, 1985, the outstanding authorization was increased to $2,700 million. Bonds issued must mature within 50 years from the date of issue, bearing interest rates as determined by the Authority. Subsequent to July 1, 1983, the maximum interest rate cannot exceed 11% or 70% of the prime rate, whichever is greater. All revenue bonds issued to provide mortgage loans are secured by first mortgage liens on the related developments.

In the event that IHDA determines that funds will not be sufficient for the payment of the principal of and interest on its bonds during the next succeeding State fiscal period, the Chairman of IHDA shall certify to the Governor on or before September of the then current State fiscal period the amount required by IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds for IHDA.

At June 30, 1985 bonds outstanding aggregated $1,540 million, before unamortized discounts of $79 million. Sinking funds pursuant to bond regulations at year end aggregated $9 million. The bonds mature annually through 2028, bearing interest from 5.0% to 13.75%. The bonds provide for early redemption at the option of IHDA, in whole or in part, in inverse order of maturity at varying premiums which decrease periodically.

Subsequent to June 30, 1985, IHDA issued Residential Mortgage Revenue Bonds totaling $275 million, maturing annually from 1987 through 2017. Interest rates on $261 million of the bond issue range from 6.0% to 9.375%. The remainder of the issue are capital appreciation bonds which will accrete in value to yield at maturity $5,000 per original investment of $190.27.

State Scholarship Commission (Commission) —

The Commission issues student loan revenue bonds, the proceeds of which are used to purchase student loans from eligible lenders. The bonds mature annually in varying amounts, bearing interest ranging from 4.8% to 10.6%. Bonds outstanding exclusive of refunding issues may not exceed $175 million ($81 million was outstanding at June 30, 1985 net of unamortized discounts). However, subsequent to July 1, 1985, the outstanding authorization was increased to $350 million. All student loans purchased by the Commission are pledged as collateral for the bonds, and losses are guaranteed as to principal and interest by the Commission's Guarantee Loan Program, which can be subrogated to the United States Department of Education.

The bond resolutions provide for early retirement for bonds maturing on or after March 1, 1985 at 102% of par, with the premium decreasing periodically until March 1, 1992, after which unmatured bonds can only be retired at par value. Pursuant to the bond resolutions, reserves for bond retirement and interest payments aggregated $24 million at June 30, 1985.

Subsequent to June 30, 1985, the Commission issued $55 million of Student Loan Revenue Bonds Series E, maturing annually from 1986 to 1996 at interest rates from 5.5% to 8.8%.

Illinois State Toll Highway Authority (THA) —

The THA issued revenue bonds to finance construction of the State toll highway system. The bond resolutions provide for early redemption at the option of the THA, in whole or in part, at a cost not to exceed 103.25% of par value, declining periodically through December 31, 1999. All unmatured bonds outstanding at January 1, 2000 are redeemable thereafter at par. In accordance with the provisions of the bond resolutions, interest reserves on deposit with and invested by the State Treasurer at June 30, 1985 aggregated $23 million.

Board of Governors, Board of Regents, Southern Illinois University and University of Illinois —

The Board of Governors of State Colleges and Universities, the Board of Regents, Southern Illinois University and the University of Illinois (hereinafter the "Boards"), as empowered by enabling acts, have issued various revenue bonds to support construction of student housing and other revenue producing facilities at State universities. These bonds do not constitute general obligations of either the State of Illinois or the Boards but, together with interest thereon, are payable solely from and are secured by, subject to the prior pledge and lien of existing refunded bonds, (i) the net revenues of the Boards; (ii) debt service grants; (iii) income received from certain special accounts; (iv) retained tuition fees (subject to prior payment of related operating and maintenance expenses); (v) certain debt service reserves; (vi) certain repair and replacement reserves; and (vii) the principal of the special accounts arising on refundings, all as defined in the various bond resolutions. In accordance with provisions of the bond resolutions, debt service funds and reserves on deposit aggregated $42 million at June 30, 1985. The bonds are callable prior to their maturity in accordance with the provisions of the bond resolutions, including premiums of up to 4%.

Subsequent to June 30, 1985, the Boards issued revenue bonds. Illinois State University issued Illinois State University Auxiliary Facilities System Insured Revenue Refunding Bonds Series 1985B in the principal amount of $22 million. The interest rate for the current interest bonds, in the amount of $10 million, is 9.27% with principal maturing semi-annually from 2005 to 2007. The interest rates in the capital appreciation portion of the bond issue, in the amount of $12 million range from 7.75% to 9.25% with principal maturing semi-annually from 1992 to 2004. These bonds do not pay current interest but accrete in value until maturity. In addition, the University issued Illinois State University Auxiliary Facilities System Variable Rate Demand Revenue Bonds Series 1985A in the principal amount of $14 million. The interest rate is determined by the marketing agent to be the rate that would enable the bonds to be sold at par; however, not to exceed 11.38% with principal maturing semi-annually from 1986 through 1992.

Northern Illinois University issued Northern Illinois University Auxiliary Facilities System Revenue Bonds Series 1985 in the principal amount of $26 million. Interest rates on these capital appreciation bonds range from 7.25% to 10.2% with principal maturing semi-annually from 1989 through 2013. These bonds do not pay current interest but accrete in value until maturity.

The University of Illinois issued University of Illinois Revenue Bonds Series 1985B in the principal amount of $[illegible]2 million. These bonds mature semi-annually from 1986 to 1996 with interest rates ranging from 6.25% to 8.9%. The University also issued University of Illinois Auxiliary Facilities System Revenue Bonds Series 1985 in the principal amount of $57 million with principal maturing semi-annually from 1985 through 2009 and interest rates ranging from 5% to 8%.

Defeased Bonds —

The Illinois Building Authority (IBA) on May 1, 1984, effected net defeasance for all bond series which were gross defeased in prior years, and the bond series issue of February 1972, by depositing cash of $89 million with an escrow trustee for the purchase of U.S. Government obligations. The unpaid principal of the gross defeased bond series and the February 1972 bond series totaled $111 million. Cash from the maturity of the U.S. Government obligations and interest earnings thereon will be used to pay all the principal, interest and administrative expenses as they become due. On October 1, 1982, the Board had effected net defeasance for four bond series. As of June 30, 1984, all bond series of the IBA have been net defeased.

For financial reporting purposes, the net defeased series of bonds at June 30, 1985 are considered to be extinguished, and the unpaid principal on these bond series, amounting to $150 million, is not included in the financial statements.

In addition to the IBA, State universities consisting of Eastern Illinois University, Western Illinois University, Northern Illinois University, Southern Illinois University, and the University of Illinois have at June 30, 1985, refunded bonds outstanding of $289 million. These bonds have interest rates ranging from .05% to 8.00% with principal maturing until 2011. The refunded bonds are defeased and not included in the financial statements.

No Commitment Debt (not included in financial statements) —

The State of Illinois by action of the General Assembly created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. The bonds of the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements.

At June 30, 1985 revenue bonds, net of defeased bonds, and notes outstanding (amounts expressed in thousands) by authority were as follows:

Authority		Outstanding Amount	Interest Rates	Annual Maturity To
Illinois Health Facilities Authority		$ 1,711,020	5.00% to 14.25%	2022
Illinois Development Finance Authority:				
Environmental Facilities	$ 1,310,359		4.50% to 12.00%	2015
Industrial Development	251,928		6.75% to 13.00%	2017
		1,562,287		
Illinois Educational Facilities Authority		606,324	4.85% to 13.25%	2025
Illinois Independent Higher Education Loan Authority		75,100	Variable	2007
Illinois Farm Development Authority		67,737	Variable	2025
		$ 4,022,468		

12. Advances To Pay Unemployment Compensation Benefits:

From fiscal years 1976 to 1983, unemployment compensation benefit claims paid from the State Unemployment Compensation Trust Fund (Fund) significantly exceeded employer contributions. In order to continue operations of the Fund, the State received advances from the U.S. Treasury. Those advances received prior to April 1, 1982 were without penalty while advances subsequent to April 1, 1982 have been assessed a penalty at an annual rate of approximately 10% payable on September 30 of each year. At June 30, 1985, outstanding advances aggregated $1,258 million. During the year ended June 30, 1985, the Fund received additional advances of $512 million and made repayments of $1,186 million. Additional advances and repayments during the period from July 1 to December 31, 1985 aggregated $30 million and $166 million, respectively.

Advances from the U.S. Treasury are to be repaid from future State unemployment taxes and an escalating surtax on federal unemployment taxes. Repayments from the federal surtax (aggregating $183 million for fiscal year 1985) are applied first against non-penalty assessed advances. Penalty payments on advances subsequent to April 1, 1982 are a liability of the State and may not be paid from the Fund. During fiscal year 1985 the State paid penalties aggregating $28 million on such advances (see Note 13).

13. Other Long-Term Obligations:

Compensated Absences —

Employees earn annual leave ranging from 1 to 2 days per month with maximum accumulation ranging from 20 to 50 days. At June 30, 1985, the liability for accrued annual leave was approximately $120 million for the governmental funds. Until January 1, 1984, sick leave, which generally is earned one day per month with unlimited accumulation, was paid only when an employee was absent due to illness or other acceptable circumstances as outlined by personnel regulations. Effective January 1, 1984, upon death, retirement, resignation or termination from state employment, employees are able to receive payment for one-half of accumulated sick leave earned subsequent to January 1, 1984, or full service credit for such accumulated sick leave under the State Employees Article of the State Pension Code. At June 30, 1985, the liability for sick leave earned subsequent to January 1, 1984 was $40 million. Thus, the State of Illinois' liability for compensated absences reported in the General Long-Term Obligations ount Group amounted to $160 million at June 30, 1985.

Lease Commitments —

The State leases land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. renewal is reasonably assured, leases requiring appropriation by the General Assembly are nsidered noncancellable leases for financial reporting purposes.

June 30, 1985, capitalized leases included in property, plant and equipment (amounts pressed in thousands) were as follows:

	Proprietary Fund Types	University and College Fund Type	General Fixed Assets
d and land improvements		$ 704	
ldings and building improvements		3,347	$ 2,725
ipment	$ 9,039	35,805	59,154
	9,039	39,856	61,879
s: Accumulated amortization	5,353		
	$ 3,686	**$ 39,856**	**$ 61,879**

Future minimum commitments for noncancellable leases (amounts expressed in thousands) as of June 30, 1985 were as follows:

		Capitalized Leases			
Year Ending June 30	**Operating Leases**	**Proprietary Fund Types**	**University and College Fund Type**	**General Long-Term Obligations**	**Total**
1986	$ 33,159	$ 7,143	$ 9,558	$ 17,287	$ 67,147
1987	22,355	3,290	7,927	12,340	45,912
1988	16,707	269	5,126	8,518	30,620
1989	8,680	209	3,261	5,324	17,474
1990	3,228	77	1,084	3,723	8,112
Thereafter	2,200		776	5,468	8,444
Total minimum lease payments . .	**$ 86,329**	10,988	27,732	52,660	**$ 177,709**
Less amounts representing:					
Executory costs . . .		42		1,363	
Interest		177	4,279	10,943	
Present value of net minimum lease payments		**$ 10,769**	**$ 23,453**	**$ 40,354**	

Metropolitan Fair and Exposition Authority (McCormick Place) -

In July, 1984, the State amended the "Metropolitan Fair and Exposition Authority Act" to authorize the issuance of $265 million of additional bonds for (1) construction costs to complete the McCormick Place expansion, (2) to pay the construction costs of projects which may be authorized by the Illinois General Assembly in the future, and (3) to refund outstanding revenue bonds of the Authority.

In 1984, the Illinois General Assembly amended certain tax laws, resulting in 1.55% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and $1.7 million per year out of the 7% of State racing tax revenues, to be deposited into the Tourism Fund, as collected. This 1984 legislation provides for credits to separate accounts within the Tourism Fund of which the "McCormick Place Account" is one and has first priority credit of the amounts collected.

The Authority issued $252 million of bonds in August, 1984 at interest rates varying between 7% to 10.375% that mature in varying amounts annually for $32 million through 1996 and optional annually thereafter to 2014. The amount of outstanding principal as of June 30, 1985 is $252 million.

Subsequent to June 30, 1985, legislation was enacted to (a) increase the bond authorization to $312.5 million for additional financing of the McCormick Place expansion program (b) create the Build Illinois Fund to replace the Tourism Fund and (c) increase the State sales tax deposited into the "McCormick Place Account" from 1.55% to 1.75% effective July 1, 1986.

In December, 1985, the Authority issued $60 million of Dedicated State Tax Revenue Bonds. These bonds mature annually from 1987 through 2015 with interest rates ranging from 6% to 8.875%.

etropolitan Exposition Auditorium and Office Building Authorities -

The General Assembly, through adoption of the "Metropolitan Civic Center Support Act" (Support Act), created the Metropolitan Exposition Auditorium and Office Building Fund (Fund) into which 33.5% of all monies received by the State as horse racing taxes are deposited. At June 30, 1985, the balance of the Fund was $16.7 million. The purpose of the Fund is to secure and retire a proportionate share of locally issued revenue bonds, the proceeds of which were used to construct local civic and exposition centers. Under the Support Act, State supported contract payments outstanding may not exceed the aggregate principal amount of $75 million and further restrictions exist as to the amount to be committed on behalf of any single taxing authority.

At June 30, 1985, State supported guarantees pursuant to the Support Act (amounts expressed in thousands) were as follows:

Authority	Amount Outstanding	Interest Rates	Annual Maturity To
Rockford	$ 13,935	7.0 % to 11.0 %	2003
Peoria	12,000	5.50% to 6.50%	1997
Springfield	11,563	6.50% to 6.60%	1996
Joliet	8,775	8.75% to 11.25%	2003
Decatur	7,260	4.75% to 9.25%	1997
Aurora	6,180	5.50% to 6.50%	1997
DeKalb	3,175	8.40% to 10.85%	2003
Danville	2,990	5.0 % to 5.8 %	1997
	$ 65,878		

Since the State has an obligation pursuant to contracts with local authorities, the outstanding contract principal has been recorded as a liability in the General Long-Term Obligations Account Group. At June 30, 1985, future contract payment requirements relating to liabilities outstanding pursuant to the Support Act (amounts expressed in thousands) were as follows:

Year Ending June 30	Principal	Interest	Total
1986	$ 4,768	$ 4,758	$ 9,526
1987	4,813	4,421	9,234
1988	4,860	4,081	8,941
1989	4,912	3,735	8,647
1990	4,965	3,387	8,352
Thereafter	41,560	16,166	57,726
	$ 65,878	**$ 36,548**	**$ 102,426**

ubsequent to June 30, 1985, the Support Act was amended to (a) provide State financial supprt by issuing direct, limited, obligation, revenue bonds in the total amount of $100 million for lvanced refunding of any civic center bond issued before July 1, 1985 or for newly certified oplicants after July 1, 1985 and (b) increase the limitation from $75 million to $100 million for evious applicants. On December 15, 1985, $90 million of these bonds were isssued at interest tes varying between 6.0% to 9.5% with principal maturing annually from 1986 through 2015.

Springfield Airport Authority (Authority) —

The Authority has constructed offices, aircraft hangers, service buildings and other related facilities at the Springfield airport which are owned and operated by the Authority for the use of State agencies under a lease agreement. The Authority secured the funds required for the construction of such improvements through the issuance of $2.7 million of revenue bonds bearing interest rates from 5.20% to 6.602%. The Authority in turn entered into an agreement with the State of Illinois extending through May 1, 2003, with renewable terms. The State makes rental payments sufficient to pay bond principal, interest and reserve fund payments and to cover costs of operating, maintaining and insuring the facilities. The outstanding principal amount to be paid to the Authority by the State at June 30, 1985 was $2.545 million.

Deferred Liability on Federal Advances —

In accordance with federal regulations, the State has decided to defer 80% of the penalty due on federal advances to pay unemployment compensation benefits. Amounts deferred must be repaid from other than resources of the Unemployment Compensation Trust Fund in four equal annual installments on the September 30 following the date of deferral. Interest does not accrue on the deferred penalty. At June 30, 1985, the deferred liability (amounts expressed in thousands) aggregated $123 million, payable on October 1 as follows:

	1985	1986	1987	1988	1989
Amounts	$32,908	$32,907	$32,907	$19,730	$4,487

The option to defer the penalty was available under federal regulations for penalty payments due September 30, 1983, 1984 and 1985. The State anticipates repaying future federal advances before any penalty accrues.

Civic Center Authorities Interest Income Settlement —

As a result of the Illinois Supreme Court case titled "Springfield Metropolitan Exposition and Auditorium Authority v. Castle," the State of Illinois compromised with the various civic center authorities to pay amounts equivalent to the monies that were earned by the investment of the proceeds of the issued bonds. The outstanding principal amount to be paid by the State to the authorities as of June 30, 1985 was $1.8 million.

City of Collinsville —

Subsequent to June 30, 1985, the City of Collinsville (City) secured funds to construct a State office complex to be used by the Department of Transportation, the Department of State Police and the Department of Central Management Services by issuing revenue bonds in the amount of $15.315 million. Interest rates on the bonds range from 6.5% to 9.5% with principal maturing annually from 1988 through 2005. The City in turn entered into a lease purchase agreement with the State of Illinois to pay bond principal, interest, and deficiency in the Debt Service Reserve Fund and the Renewal and Replacement Fund and costs of operating, maintaining and insuring the facilities.

Changes in other long-term obligations for the year ended June 30, 1985 are summarized in Note 14.

14. Changes In Long-Term Obligations:

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 1985 are summarized as follows:

	Notes Payable (Note 8)	Accrued Retirement Costs (Note 9)	General Obligation Bonds (Note 10)	Revenue Bonds (Note 11)	Other Long-Term Obligations (Note 13)
Balance at July 1, 1984	$ 135,957	$ 1,483,208	$ 3,329,500	$ 1,644,285	$ 332,723
Compensated absences earned					170,465
Debt issues	76,086		350,000	492,596	252,450
Penalty costs on Federal government advances					41,489
Increase in lease obligations					25,550
Compensated absences taken					(130,432)
Amortization of bond discounts and bond issuance costs				4,018	
Increase in accreted value of capital appreciation bonds				7,847	
Principal retirements, terminations and defeased bonds	(131,374)		(192,500)	(197,256)	(46,306)
Excess of actuarially determined retirement costs computed in accordance with APB Opinion No. 8 over amounts recorded as expenditures in governmental fund types		484,225			
Balance at June 30, 1985	**$ 80,669**	**$ 1,967,433**	**$ 3,487,000**	**$ 1,951,490**	**$ 645,939**

15. Fund Deficits:

The Drivers Education Fund of the State Board of Education (reported as a special revenue fund) has a deficit at June 30, 1985 aggregating $6.6 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Illinois Unemployment Compensation Trust Fund (reported as an expendable trust fund) has a deficit at June 30, 1985 aggregating $924 million, resulting from an excess of benefit claims paid over employer contributions (see Note 12).

16. Segment Information — Enterprise Funds:

Selected financial information by enterprise fund segment (amounts expressed in thousands) is as follows:

	Department of Revenue	Housing Development Authority	State Toll Highway Authority	State Scholarship Commission	Other	
	State Lottery (1)	(2)	(3)	Designated Account Purchase Program (4)	(5)	Totals
Operating revenues	$ 1,205,155	$ 142,408	$ 174,133	$ 19,311	$ 30,109	$ 1,571,116
Depreciation	216	151	37,348	152	108	37,975
Operating income	515,384	7,787	68,954	4,292	4,923	601,340
Operating transfers-in		11,206				11,206
Operating transfers-out	510,291	11,206			549	522,046
Nonoperating revenues					9	9
Nonoperating expenses			711		2	713
Net income	5,093	7,787	68,243	4,292	4,381	89,796
Current capital transfers					504	504
Property, plant and equipment additions	222	3,011	70,724	49	395	74,401
Net working capital	12,492	425,599	68,690	35,248	21,683	563,712
Total assets	60,931	1,689,962	737,645	177,868	34,200	2,700,606
Bonds and other long-term liabilities payable from operating revenues		1,460,903	204,354	156,326	45	1,821,628
Total equity	12,704	68,553	505,379	18,655	30,680	635,971

The following activities generate enterprise fund revenues:

(1) Illinois State Lottery revenues and operations.

(2) Operation and maintenance of programs for financing construction of low and moderate income housing developments, including income from investment of funds on hand.

(3) Toll fees to cover the operation and maintenance of the State toll highway system.

(4) Service and processing fees for delinquent student loans.

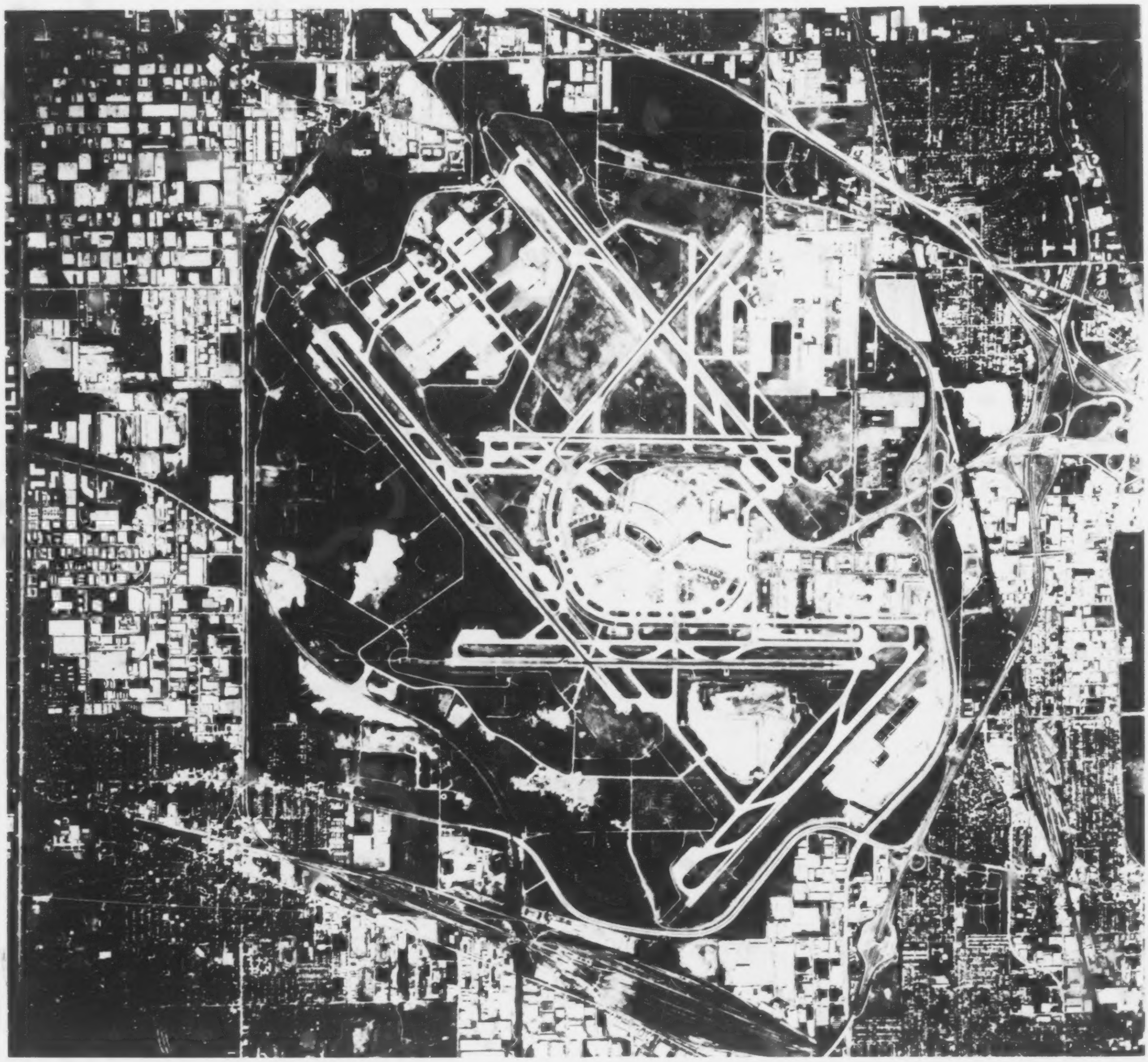
(5) Service and processing fees charged by the following Departments, Authorities, and Commissions for their operations:

Departments	Commissions	Authorities
Corrections	Commissioner of Banks and Trust Companies	Chicago World's Fair—1992 Authority
Insurance (Bureau of Liquidations)	Medical Center Commission	Illinois Development Finance Authority
Mental Health and Developmental Disabilities	Prairie State 2000 Fund	Illinois Health Facilities Authority
Nuclear Safety		Illinois Educational Facilities Authority
Rehabilitative Services		Illinois Export Development Authority
Veterans' Affairs		Illinois Independent Higher Education Loan Authority
		Illinois Farm Development Authority

7. Contingencies:

The State, its units and employees are parties to numerous legal proceedings many of which normally recur in governmental operations. All legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

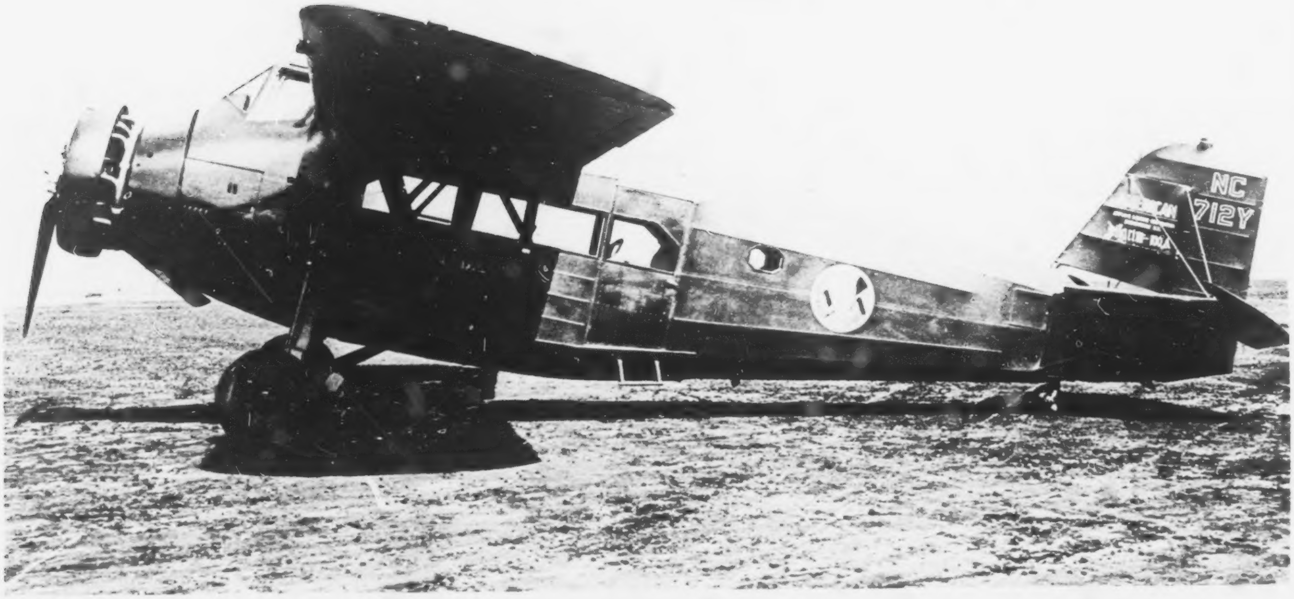
In addition, the State and its units are involved in certain other legal proceedings which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

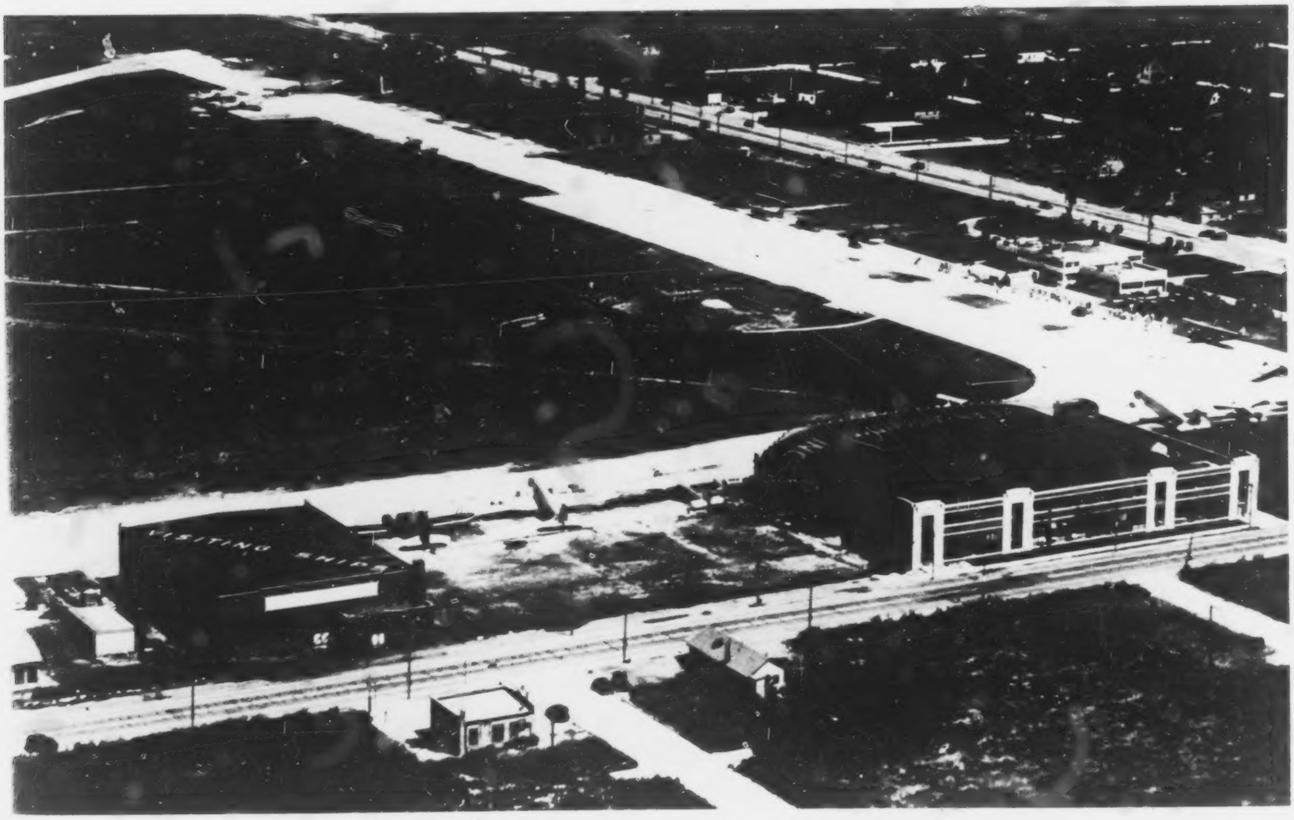


Eagle's eye-view of O'Hare International Airport

Illinois has kept pace with twentieth century transportation demands and today is a world leader in air transport. The State has approximately 1,100 airports, landing areas and heliports within its borders. Almost every Illinois city having a population of 30,000 or over is served by an airport or commercial airline. Last year over 49 million travelers passed through Chicago's O'Hare International Airport, the world's busiest airport.

As America's transportation center and because of its proximity to major markets, Illinois is vital to air transportation because its location minimizes travel distance. With more than one arrival or departure at O'Hare every sixty seconds (680,000 incoming and outgoing flights last year) businesses and travelers are permitted greater flexibility. Because of its location in the heart of the nation, Illinois provides the lowest overall transportation costs, lowest shipping costs and fewest number of executive flying hours among the nation's ten largest cities.




VISITING SHIPS

(top) The largest single-engine passenger plane enroute between Chicago and St. Louis mid 1930's

(bottom) Chicago Municipal Airport (1935) later named Midway Airport

From very early times, buyers and sellers in most lines of trade have sought some type of protection or insurance against the risks of price fluctuations and an uncertain market. A trader quickly learned that an adverse price change caused by either supply or demand affected his livelihood, and the greater his inventory, the greater the risk involved.

Traders such as potato farmers in Maine and wheat farmers in Nebraska soon found it advantageous to enter into contracts — known as futures contracts — which called for delivery of a commodity at a later date. This allowed traders to lower their inventory risk on their commitments.

Futures trading in the United States developed before the coming of the railroads and found a home in Chicago. Merchants who bought goods were not sure when to expect delivery or even the quantity or quality of their purchase. "To arrive" contracts allowed sellers to get a better price for their goods and prevented buyers from facing adverse price risks.

In 1899, three carloads of eggs were traded in a 45 minute period during opening day trading of the Chicago Butter and Egg Board. Membership cost $100. Today that Board is the Chicago Mercantile Exchange, complete with 26,500 members and 4,000 traders, brokers, clerks, runners and other staff who do business there daily. Membership now costs $287,000.

Options are traded on four types of product groups: livestock, currencies, interest rates and equity products. Coupled with the Chicago Board of Trade, the Mercantile Exchange accounts for 75% of all futures trading in the country.

The MidAmerica Commodity Exchange is the nation's third oldest commodities exchange, established in 1877. Its 1200 members trade soybeans, corn, wheat, cotton, rice, oats, cattle, hogs, wheat and soy options, precious metals, five foreign currencies, and treasury bonds and bills.

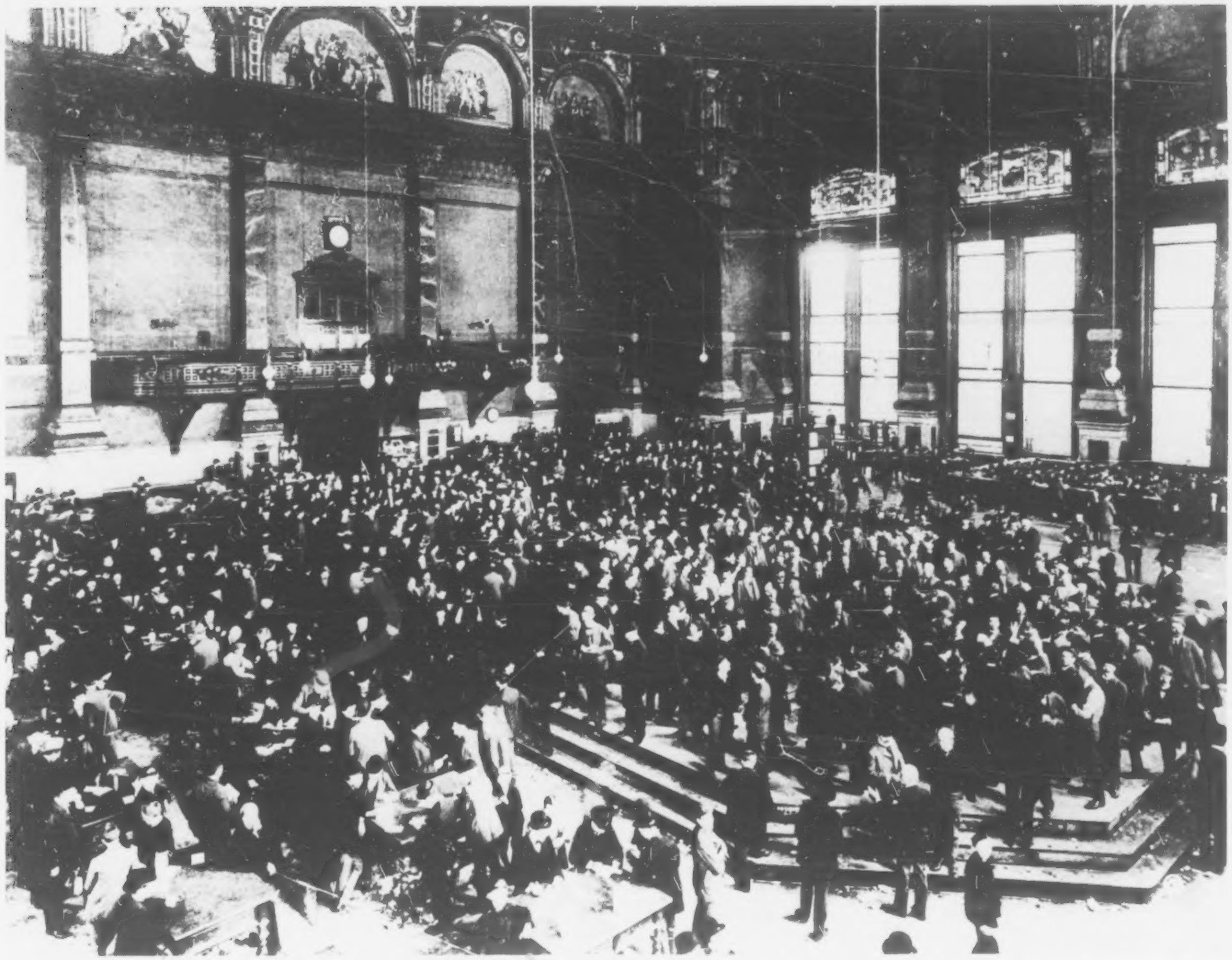
The Midwest Stock Exchange, established in 1882, is the second largest securities exchange in the nation in both shares and dollar value, and third in the world. Last year set a record with total trading volume exceeding 2.35 billion shares — a 26.4% increase over 1984, and 238% increase since 1981.

The Chicago Board Options Exchange is the country's oldest and largest options exchange. Established in 1973, it now has 1,300 members and handles the most heavily traded options or futures product — Standard & Poor's 100 Index — and the second largest securities exchange in the nation. Here, stock, index, treasury bond, treasury note and currency options are bought and sold on the world's largest trading floor — 45,000 square feet.

Financial center of Chicago, LaSalle Street

Illinois' status as a financial center continues to grow each year. Illinois has more than 1,200 national and state banks, which control a little over seven percent of the total bank assets in the United States. In addition, the State also has 270 savings and loan institutions, and is the headquarters of 60 large insurance companies. These facilities combined provide the strength and diversity required to generate the billions of dollars in capital needed to finance industrial and commercial development projects. The total assets of these institutions combined is over $95 billion dollars.

Section II
Traditional Budgetary Financial Report



Chicago Board of Trade, the Pit, circa 1900

Courtesy Chicago Historical Society

In 1848, the Chicago Board of Trade was established. Today, the LaSalle Street financial landmark is the world's oldest and largest commodities future exchange. On a typical day, 2,100 full and associate members trade 18 types of commodities such as corn, wheat, soybeans, soybean oil and meal, treasury notes and bonds, silver gold and other precious metals, and commodities options. Membership currently costs about $225,000. Last year, the Chicago Board of Trade recorded its highest volume of trade ever.

Illinois Funds System

At the end of fiscal year 1985 there were over 300 individual funds in the Illinois accounting system.

The Comptroller segregates these funds into two major categories for reporting purposes — Appropriated Funds and Non-Appropriated Funds.

The Appropriated Funds category is further separated into nine related fund groups — general, highway, university and college income, special state, bond financed, debt service, federal trust, revolving, and state trust funds. Historically, both the general and special state funds groups have included several individual funds which have not had appropriations but were considered to be either supporting appropriated spending from another fund or subject to appropriation. Also, several individual funds in the special state, federal trust, and state trust funds groups reflect spending from both appropriation and no appropriation accounts pursuant to Statute.

The Non-Appropriated Funds category is composed of federal trust funds and state trust funds.

In fiscal year 1985, appropriations totaling $17.878 billion from 218 individual funds were passed by the General Assembly and approved by the Governor. Total warrants issued against these appropriations were $14.939 billion while another $76 million was charged to no appropriation accounts.

As the General Funds group is the State's largest and most important of the fund groups — evidenced by the fact that appropriations from the General Funds in fiscal year 1985 were $9.561 billion or 53.5% of total appropriations from all funds and warrants charged to these General Funds appropriations were $9.327 billion or 62.4% of total warrants issued against all appropriations — this report will look first at transactions in the General Funds, secondly review transactions in Appropriated Funds (including General Funds) as these funds represent the "Illinois State Budget", and lastly summarize transactions in all funds (Appropriated and Non-Appropriated) for informational purposes. This sequence of presentation is reflected in the following pages.

Ten Year History

General Funds Available Balances - End of Month

(millions)

Month	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
July	$ 294	$ 104	$ 124	$ 256	$ 552	$ 446	$ 260	$ 105	$ 101	$ 358
August	250	116	125	247	544	446	184	105	147	369
September	39	108	123	202	535	469	118	98	217	384
October	49	52	103	211	536	399	112	92	123	379
November	46	107	103	204	383	280	120	43	80	334
December	12	169	110	209	383	392	168	29	208	331
January	24	115	95	259	495	283	102	117	297	480
February	71	87	103	324	433	259	77	15	294	496
March	37	113	123	383	384	211	134	72	294	580
April	96	104	74	366	426	134	142	65	307	591
May	107	112	123	434	505	202	195	24	293	680
June	126	52	86	390	390	197	187	110	217	479

* Adjusted to exclude Corporate Personal Property Replacement taxes which were passed through the General Funds in FY 1980

General Funds Revenues

Total General Funds Revenues In Fiscal Year 1985 Were $10.317 Billion

63.7¢ of each General Funds revenue dollar came from the two major taxes levied in Illinois.

33.5¢ or $3.458 billion came from the state income taxes – individual ($2.863 billion) and corporate ($595 million). Effective at the beginning of fiscal year 1984, the individual tax rate was temporarily raised from 2.5% to 3.0% and the corporate tax rate raised from 4.0% to 4.8% to be applicable to Calendar 1983 and a part of Calendar 1984 tax liabilities. The temporary increases ended on June 30, 1984.

30.2¢ or $3.120 billion came from the state sales taxes. Effective with January 1984 sales, the sales tax rate was increased from 4.0% to 5.0% while the remaining 2.0% tax on food and drugs was removed.

Of the remaining 36.3¢ of each General Funds dollar:

15.4¢ came from federal sources ($1.586 billion) with the major portion (93.7%) representing reimbursements to the Department of Public Aid.

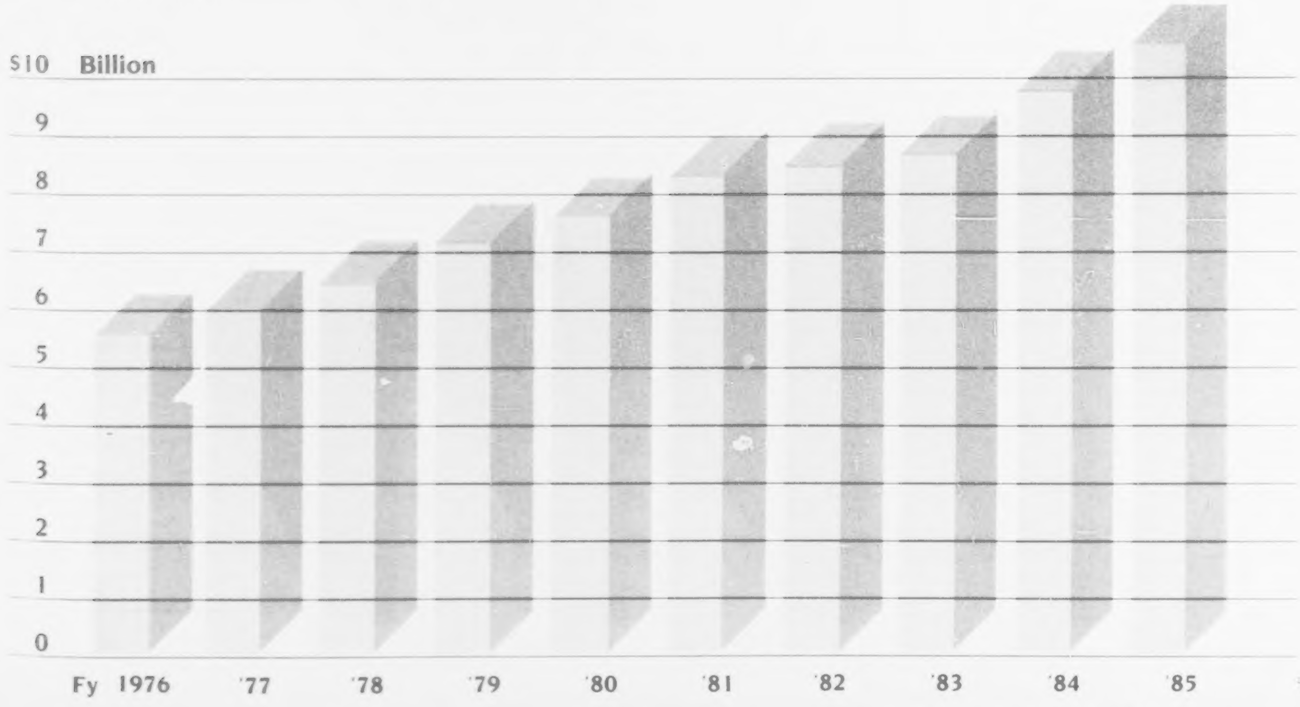
20.9¢ or $2.153 billion came from other state sources including public utility taxes ($646 million), transfers from the Lottery Fund ($506 million), cigarette taxes ($162 million), investment income ($147 million), insurance tax and fees ($116 million), transfers from the Personal Property Tax Replacement Fund ($99 million), and amnesty taxes ($76 million).

Included in amnesty taxes was $60 million from corporate income taxes, $15 million from sales taxes, and $1 million from all other taxes.

Total General Funds revenues in fiscal year 1985 were $610 million or 6.3% higher than comparable total revenues in fiscal year 1984 – the fifth largest amount of increase in annual revenues in the history of the General Funds (the largest was $1.270 billion in fiscal year 1984) but the fourth smallest percent increase in annual revenues over the past twenty fiscal years. The annual increase in General Funds revenues in fiscal year 1984 was larger than total annual revenues in fiscal year 1966.

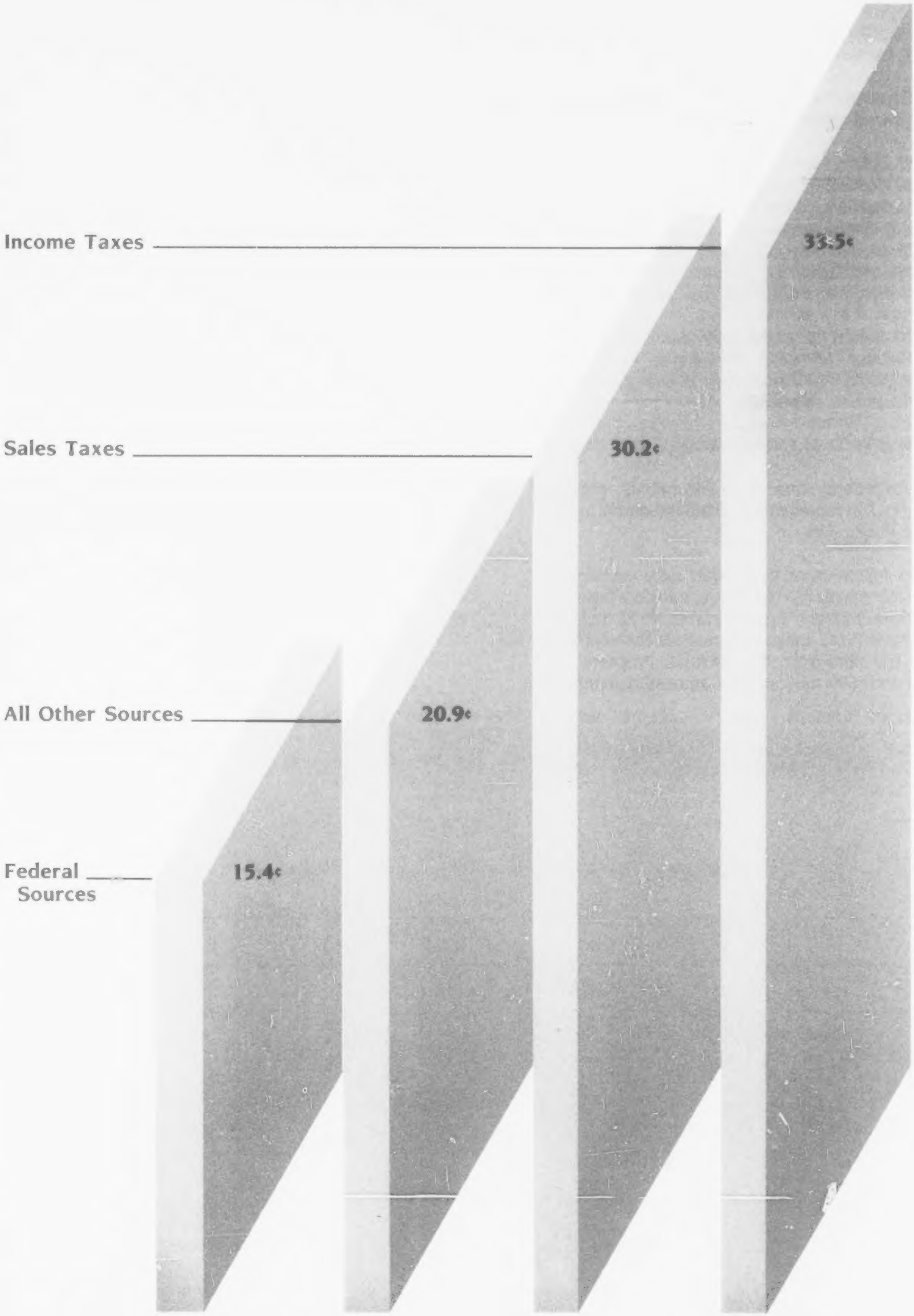
Ten Year History General Funds Revenues
(millions)

Fiscal Year	Total Revenues	Change	
		Amount	Percent
1976	$ 5,462	$ +552	+11.2%
1977	5,930	+468	+8.6
1978	6,343	+413	+7.0
1979	7,055	+712	+11.2
1980	7,442	+387	+5.5
1981	8,100	+658	+8.8
1982	8,265	+165	+2.0
1983	8,437	+172	+2.1
1984	9,707	+1,270	+15.1
1985	10,317	+610	+6.3



General Funds

Where The Fiscal Year 1985 Dollar Came From

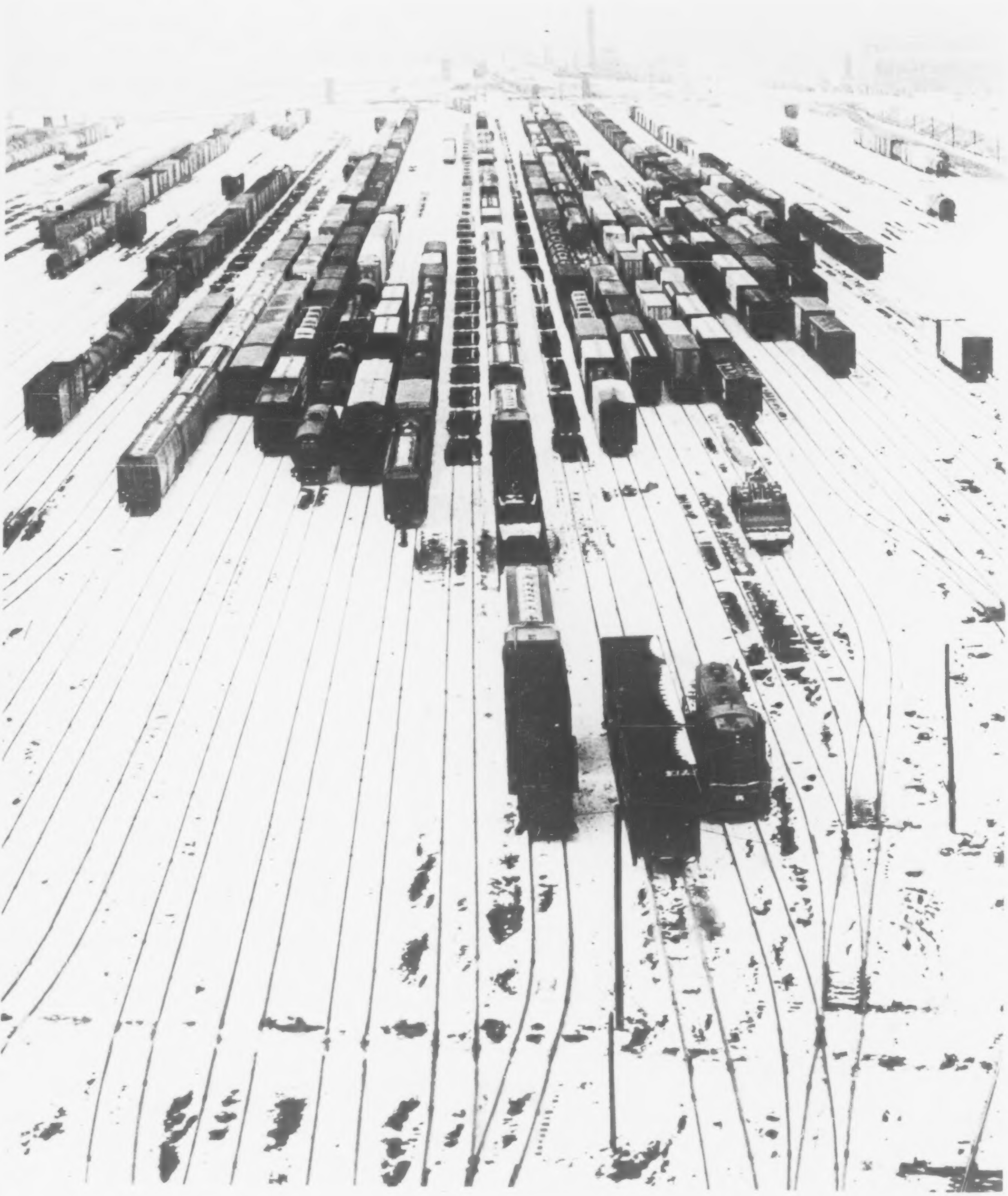


Analysis of Revenues

(millions)

						FY 1985 Increase or Decrease	
	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	Amount	Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	$ 2,212	$ 2,371	$ 2,383	$ 3,178	$ 2,863	$ −315	−9.9%
Corporate	515	495	416	549	595	+46	+8.4
Total, Income Taxes (gross)	2,727	2,866	2,799	3,727	3,458	−269	−7.2
Sales Taxes	2,322	2,322	2,383	2,639	3,120	+481	+18.2
Other Sources							
Public Utility Taxes	530	586	635	629	646	+17	
Cigarette Taxes	177	169	169	162	162		
Investment Income	163	143	95	119	147	+28	
Insurance Tax & Fees	91	74	107	117	116	−1	
Amnesty Taxes					76	+76	
Liquor Gallonage Taxes	77	75	73	72	70	−2	
Inheritance Tax (gross)	145	162	143	109	63	−46	
Corporation Franchise Tax & Fees	41	42	43	64	56	−8	
Short-Term Borrowing			150	50		−50	
Other Taxes, Licenses, Fees & Earnings	110	121	103	121	108	−13	
Total, Other Sources	1,334	1,372	1,518	1,443	1,444	+1	+0.1
Total, Cash Receipts	**$ 6,383**	**$ 6,560**	**$ 6,700**	**$ 7,809**	**$ 8,022**	**$ +213**	**+2.7%**
Transfers In From Other State Funds:							
Lottery Fund	$ 69	$ 138	$ 215	$ 358	$ 506	$ +148	
Personal Property Tax Replacement Fund	3	27	27	82	99	+17	
Protest Fund	2	14	31	30	27	−3	
Public Building Fund					25	+25	
Public Assistance Recoveries Fund	17	17	22	22	17	−5	
Tourism Fund					15	+15	
Local Sales Tax Funds	11	11	11	12	13	+1	
Warrants Escheat Fund	3	2	3	3	4	+1	
Discretionary			62*				
Agricultural Premium Fund	45	25	7				
Metropolitan Exposition Auditorium & Office Building Fund	35	32	8				
Vehicle Recycling Fund	8	3	4				
All Other Funds	24	22	6	3	3		
Total, Transfers In	**$ 217**	**$ 291**	**$ 396**	**$ 510**	**$ 709**	**$ +199**	**+39.0%**
Total, State Sources	**$ 6,600**	**$ 6,851**	**$ 7,096**	**$ 8,319**	**$ 8,731**	**$ +412**	**+5.0%**
Federal Sources:							
Cash Receipts:							
General Revenue Fund							
Department of Public Aid	$ 43	$ 69	$ 36	34	$ 1,486	$ +1,452	
All Other Agencies	3	4	10	15	15		
Total, General Revenue Fund	46	73	46	49	1,501	+1,452	
Federal Fiscal Assistance Fund	56			2		−2	
Total, Cash Receipts	**$ 102**	**$ 73**	**$ 46**	**$ 51**	**$ 1,501**	**$ +1,450**	
Transfers In From Federal Trust Funds:							
Public Aid Trust Fund	$ 1,398	$ 1,341	$ 1,295	$ 1,337		$ −1,337	
Social Services Block Grant Fund					$ 85	+85	
Total, Transfers In	**$ 1,398**	**$ 1,341**	**$ 1,295**	**$ 1,337**	**$ 85**	**$ −1,252**	
Total, Federal Sources	**$ 1,500**	**$ 1,414**	**$ 1,341**	**$ 1,388**	**$ 1,586**	**$ +198**	**+14.3%**
Total, Revenues	**$ 8,100**	**$ 8,265**	**$ 8,437**	**$ 9,707**	**$ 10,317**	**$ +610**	**+6.3%**

*Gross borrowing from other state funds in first six months of FY 1983



The nation's largest rail gateway is located in Chicago. Another busy rail freight center is located 300 miles southwest, in East St. Louis. Over two dozen railroads crisscross the State and provide service to every corner of America. Overnight shipments can reach markets such as Kansas City and Indianapolis. Fifty-seven percent of Illinois communities have rail service compared with a 35% average nationwide.

General Funds Expenditures

Total General Funds Expenditures were $10.101 Billion in Fiscal Year 1985

The major portion of expenditures for public aid, elementary and secondary education, higher education, and the overall administrative expenses of state government are charged to the General Funds.

The largest spending program from the General Funds in fiscal year 1985 was "Investing in Education" with total spending of $3.441 billion or 34.1% of each General Funds dollar expended. Spending for elementary and secondary education accounted for $2.320 billion or 67.4% of this program with the remaining $1.121 billion being spent for higher education (universities, community colleges, and scholarships).

The second largest spending program was for "Health and Social Services" with expenditures of $2.657 billion or 26.3% of each General Funds dollar spent, followed by related spending of $1.348 billion (13.3% of each dollar) for the "Income Support" program.

Expenditures for other programs of $1.878 billion (18.6% of each dollar spent) included spending for Refunds ($628 million), Public Protection and Justice ($578 million), General Government ($564 million), Natural Resources and Recreation ($82 million), Debt Service ($16 million), and Transportation ($13 million).

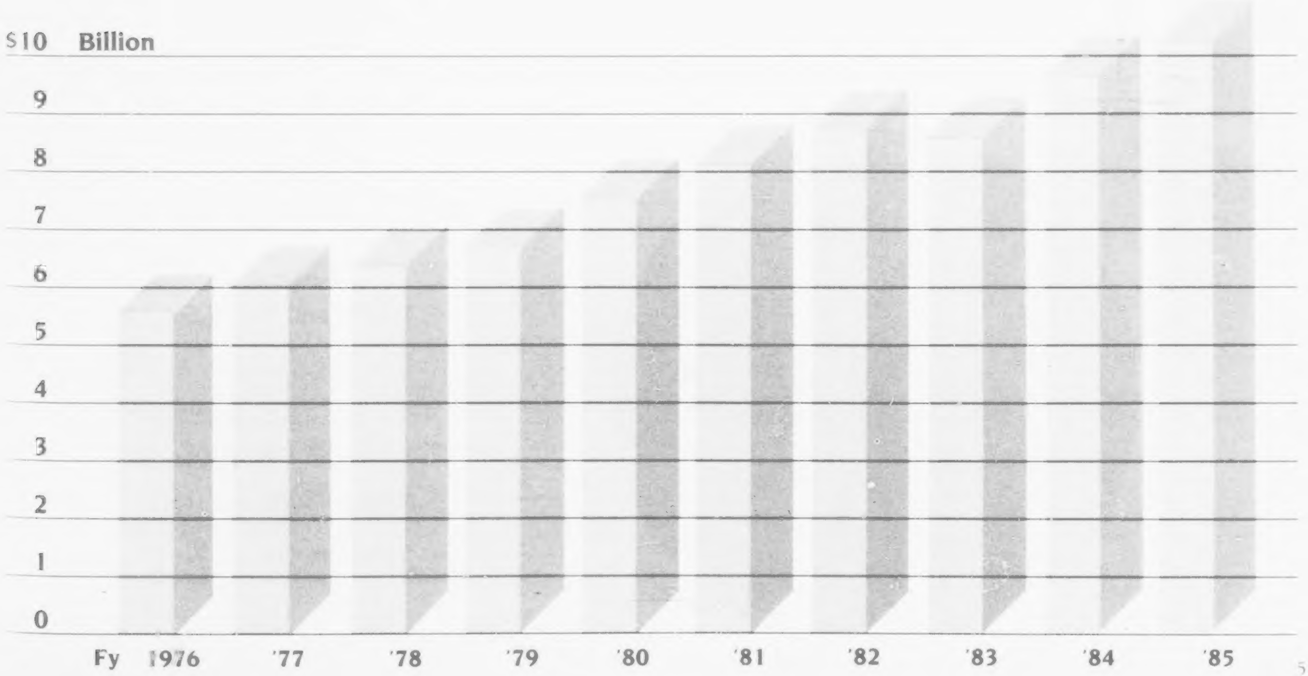
"Transfers Out" spending from the General Funds to other state funds was $777 million in fiscal year 1985 or 7.7% of each General Funds dollar expended and primarily represented money distributed to local governmental units or for general obligation bond debt service charges.

Total General Funds spending in fiscal year 1985 was $579 million or 6.1% above comparable expenditures in fiscal year 1984 — Investing in Education up $229 million, Health and Social Services up $219 million, Refunds up $105 million, and Debt Service down $193 million. In comparison, fiscal year 1984 reflected an increase of $1.038 billion or 12.2% more than comparable spending in fiscal year 1983 — the highest annual amount of increase in spending in the history of the General Funds, while fiscal year 1983 reflected a decrease of $10 million or 0.1% less than comparable spending in fiscal year 1982 — the first time in the history of annual budgets that total annual spending declined.

Ten Year History General Funds Expenditures
(millions)

Fiscal Year	Total Expenditures*	Change	
		Amount	Percent
1976	$ 5,580	$ +436	+8.5%
1977	6,031	+451	+8.1
1978	6,336	+305	+5.1
1979	6,843	+507	+8.0
1980	7,506	+663	+9.7
1981	8,172	+666	+8.9
1982	8,494	+322	+3.9
1983	8,484	−10	−0.1
1984	9,522	+1,038	+12.2
1985	10,101	+579	+6.1

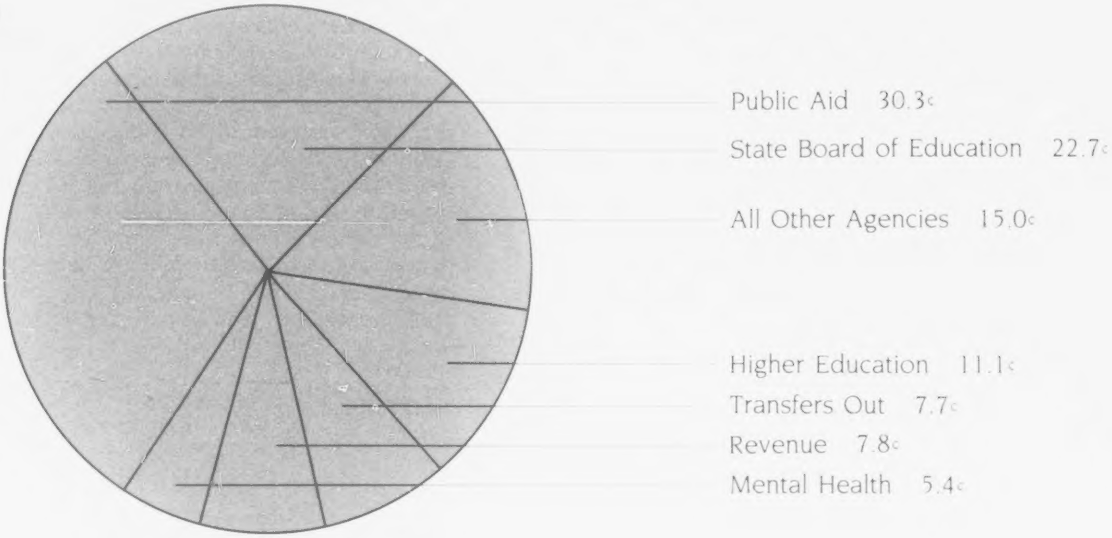
***15 months.**



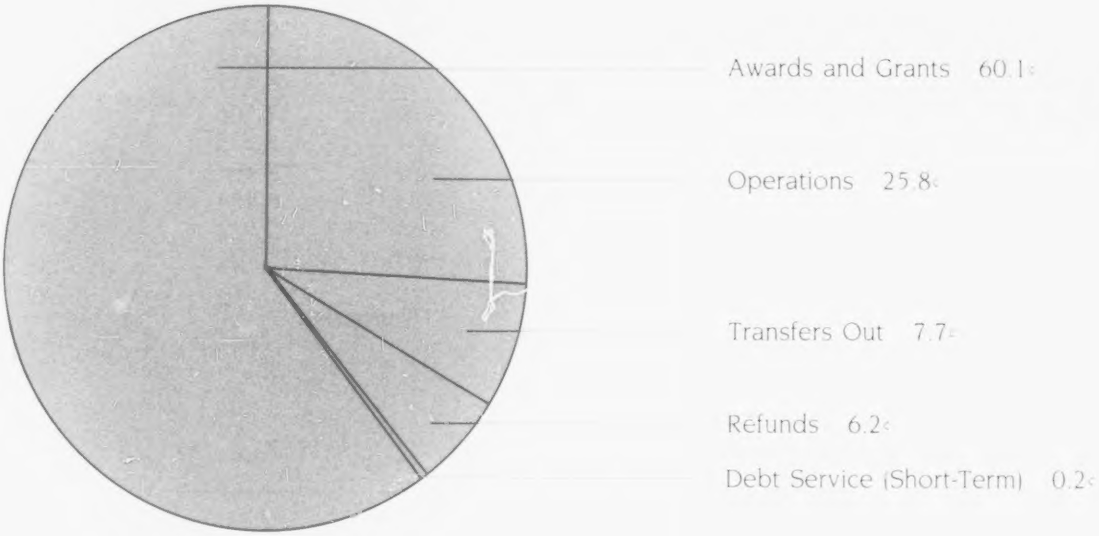
General Funds

Where The Fiscal Year 1985 Dollar Was Spent

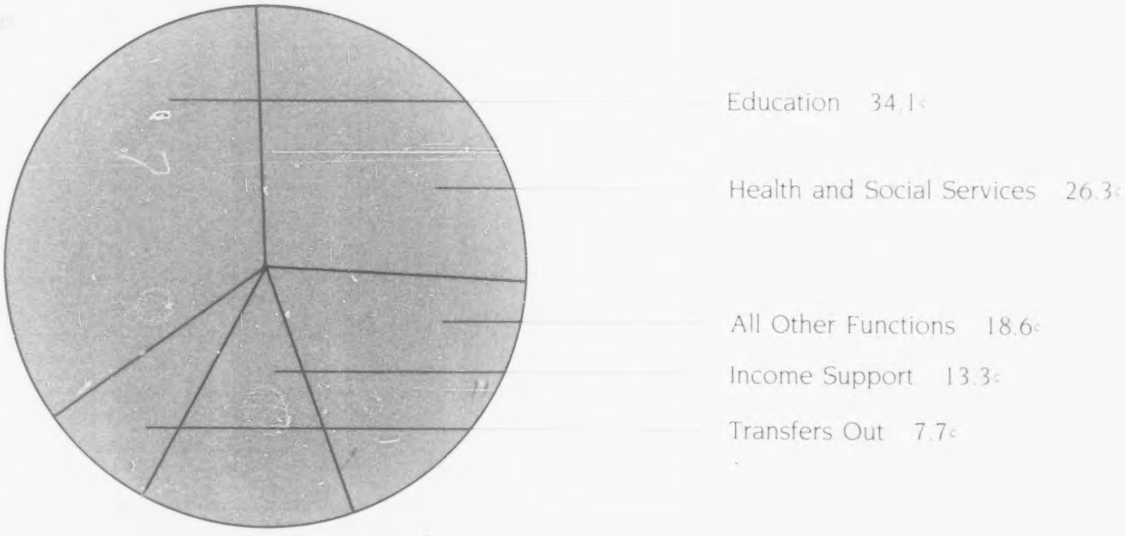
By Agency



By Category



By Function



Analysis of Expenditures

(millions)						FY 1985 Increase or Decrease	
Warrants Issued:	**FY 1981**	**FY 1982**	**FY 1983**	**FY 1984**	**FY 1985**	**Amount**	**Percent**
Agency							
Public Aid	$ 2,580	$ 2,834	$ 2,845	$ 2,924	$ 3,065	$ +141	+4.8%
State Board of Education	2,183	2,133	1,997	2,127	2,296	+169	+7.9
Higher Education Agencies							
University of Illinois	354	359	342	384	410	+26	+6.8
Community College Board	157	163	152	156	168	+12	+7.7
Southern Illinois University	129	133	122	134	141	+7	+5.2
Scholarship Commission	86	88	92	104	109	+5	+4.8
All Other	271	273	257	279	292	+13	+4.7
Total, Higher Education Agencies	997	1,016	965	1,057	1,120	+63	+6.0
Revenue	368	390	402	675	792	+117	+17.3
Mental Health and Developmental Disabilities	489	504	514	533	544	+11	+2.1
All Other Agencies							
Corrections	223	235	244	289	334	+45	+15.6
Children and Family Services	145	152	162	170	190	+20	+11.8
Central Management Services	118	120	127	148	158	+10	+6.8
Judicial Agencies	80	81	92	102	116	+14	+13.7
Treasurer	6	7	7	216	6	−210	−97.2
Other Agencies	463	464	451	561	706	+145	+25.8
Total, All Other Agencies	1,035	1,059	1,083	1,486	1,510	+24	+1.6
Prior Year Adjustments	−2	−1	−2	−2	−3	−1	
[illegible]							
Awards and Grants	$ 5,290	$ 5,494	$ 5,377	$ 5,673	$ 6,069	$ +396	+7.0%
Operations	2,138	2,180	2,164	2,394	2,607	+213	+8.9
Refunds	219	250	259	523	628	+105	+20.1
Debt Service (Short-Term)				209	16	−193	−92.3
Permanent Improvements	5	12	6	3	7	+4	
Prior Year Adjustments	−2	−1	−2	−2	−3	−1	
[illegible]							
Investing in Education	$ 3,195	$ 3,156	$ 2,974	$ 3,212	$ 3,441	$ +229	+7.1%
Health and Social Services	2,197	2,383	2,364	2,438	2,657	+219	+9.0
Income Support	1,141	1,249	1,285	1,330	1,348	+18	+1.4
Refunds	219	250	259	523	628	+105	+20.1
Public Protection and Justice	376	383	402	504	578	+74	+14.7
General Government	453	447	463	512	564	+52	+10.2
Natural Resources and Recreation	62	58	53	62	82	+20	+32.3
Debt Service (Short-Term)				209	16	−193	−92.3
Transportation	9	10	6	12	13	+1	+8.3
Prior Year Adjustments	−2	−1	−2	−2	−3	−1	
Total, Warrants Issued 15 Months	**$ 7,650**	**$ 7,935**	**$ 7,804**	**$ 8,800**	**$ 9,324**	**$ +524**	**+6.0%**
Transfers Out	**522***	**559**	**680****	**722**	**777**	**+55**	**+7.6**
Total, Expenditures	**$ 8,172**	**$ 8,494**	**$ 8,484**	**$ 9,522**	**$ 10,101**	**$ +579**	**+6.1%**

* Excludes transfers to Personal Property Tax Replacement Fund of $93 million in fiscal 1981 for comparative purposes.
** Includes payback of discretionary transfers (borrowing) to other state funds of $62 million.

Illinois lies at the heart of the nation's Interstate highway system. Three coast-to-coast Interstates (I-80, I-90 and I-70) pass through Illinois. Major east/west and north/south interchanges are located at more than a dozen locations, from the Quad-cities area in northwestern Illinois to Mount Vernon in the southeast. All totaled, 1,700 miles of Interstate (more miles than all but two other states) provide direct highway access to every point in the country. An additional 13,000 miles of highways make these interstate routes accessible from every region of the state.

General Funds Summary of Transactions

Fiscal Year Ended June 30, 1985
(millions)

Beginning Balances

Available Balance Concept			Budgetary Balance Concept
$ 217	**Available Balance** on June 30, 1984		
	Less Lapse Period Warrants Issued from Fiscal Year 1984 Appropriations:		
	Operations	$ 148	
	Awards and Grants	239	
	Refunds	2	
	Total	$ 389	
	Negative Budgetary Balance to begin Fiscal Year 1985		$ -172

Plus Revenues

	State Sources:		
	Cash Receipts		
	Income Taxes (gross)	$ 3,458	
	Sales Taxes	3,120	
	Other Sources	1,444	
	Transfers In from Other State Funds	709	
	Total, State Sources	$ 8,731	
	Federal Sources:		
	Cash Receipts	$ 1,501	
	Transfers In	85	
	Total, Federal Sources	$ 1,586	
$10,317	**Total, Revenues**		$10,317

Less Expenditures

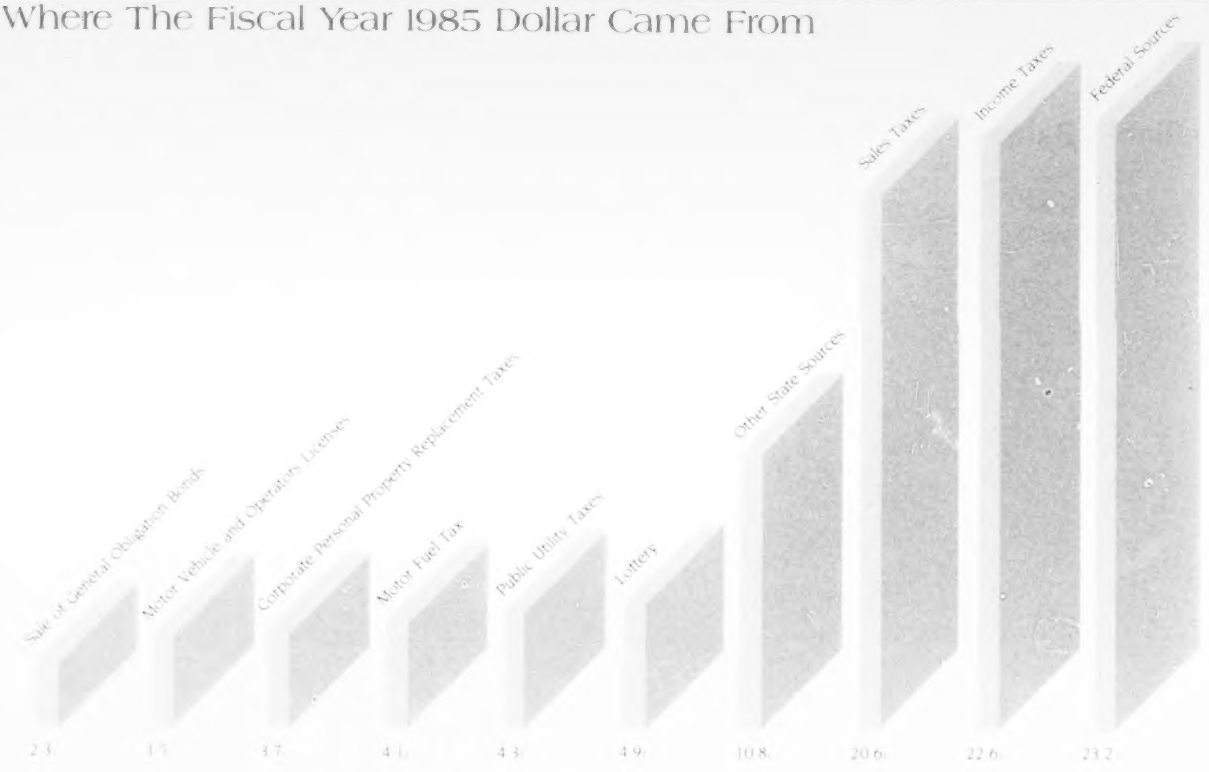
From FY 1985 Appropriations and Lapse Period Spending from FY 1984 Appropriations **12 Months Warrants Issued**		From Fiscal Year 1985 Appropriations **15 Months Warrants Issued**
$ 2,609	Operations	$ 2,607
6,062	Awards and Grants	6,069
587	Refunds	628
16	Debt Service	16
7	Permanent Improvements	7
-3	Prior Year Adjustments	-3
$ 9,278	Total, Warrants Issued	$ 9,324
777	Transfers Out	777
$10,055	**Total Expenditures**	**$10,101**

Equals Ending Balances

Available Balance Concept			Budgetary Balance Concept
$ 479	**Available Balance** on June 30, 1985		
	Less Lapse Period Warrants Issued from Fiscal Year 1985 Appropriations:		
	Operations	$ 145	
	Awards and Grants	246	
	Refunds	43	
	Permanent Improvements	1	
	Total	$ 435	
	Budgetary Balance to begin Fiscal Year 1986		$ 44

Appropriated Funds

Where The Fiscal Year 1985 Dollar Came From



Total Appropriated Funds Revenues Were $15.316 Billion in Fiscal Year 1985

In all serious discussions of State fiscal affairs, a review of revenues and expenditures from the General Funds must be followed by a look at transactions in the Appropriated Funds group as these funds comprise the "Illinois State Budget".

As General Funds revenues account for the major portion of Total Appropriated Funds revenues, the two key state tax sources of General Funds revenues are also major revenue sources under Appropriated Funds.

In fiscal year 1985, $3.550 billion or [illegible] of each appropriated revenue dollar came from federal sources. $1.587 billion or 44.7% of this total was directed to the General Funds (including reimbursements for public aid and social services expenditures) while $595 million was received for highway purposes. Of the remaining $1.368 billion, $1.259 billion was deposited into the various Federal trust funds in the State Treasury, $90 million directed to State trust funds, $17 million to Special state funds, and $2 million to Debt Service funds.

Another $3.458 billion or [illegible] of each appropriated revenue dollar in fiscal year 1985 came from individual and corporate income taxes. The decline of $315 million in individual income taxes was due primarily to the removal of the temporary tax rate increase which was in effect during fiscal year 1984 (2.5% to 3.0%) while the $46 million increase in corporate income taxes was due in part to processing and what appears to be overpayments by corporations which offset the impact of the temporary tax rate increase (4.0% to 4.8%) in fiscal year 1984.

$3.152 billion or [illegible] of each appropriated revenue dollar came from the sales taxes in fiscal year 1985. The increase of $513 million or 19.4% in this source, over comparable receipts in fiscal year 1984, included the impact of the higher tax rate(4.0% to 5.0%) and the loss from the removal of the remaining 2.0% tax on food and drugs which became effective with January 1984 sales.

Of the remaining $5.156 billion or [illegible] of each appropriated revenue dollar in fiscal year 1985 — $748 million (4.9¢) came from lottery tickets and licenses, $657 million (4.3¢) from public utility taxes, $627 million (4.1¢) from motor fuel tax (the rate increased from 7½¢ in fiscal 1983, to 11¢ per gallon in fiscal 1984, and to 12¢ per gallon in fiscal 1985), $574 million (3.7¢) from corporate personal property replacement taxes, $540 million (3.5¢) from motor vehicle and operators licenses (reflecting increased fees), $348 million (2.3¢) from the sale of general obligation bonds, and $1.662 billion (10.8¢) from all other sources (including $76 million in amnesty taxes).

Total Appropriated Funds revenues in fiscal year 1985 were $1.228 billion or 8.7% higher than comparable revenues in fiscal year 1984 — state sources up $927 million, federal sources up $313 million, and the sale of general obligation bonds down $12 million. The major revenue increases from state sources were $513 million in state sales taxes, $256 million in lottery tickets and licenses, $112 million in motor vehicle and operators licenses, $83 million in motor fuel tax, $76 million from amnesty taxes, and $70 million in corporate personal property replacement taxes. The larger decreases were $315 million in individual income taxes, $50 million in short-term borrowing, and $46 million in inheritance tax.

The average annual increase in Appropriated Funds revenues over the last five fiscal years is $87[illegible] million — FY1981 up $791 million, FY1982 down $273 million, FY1983 up $534 million, FY1984 up $2.083 billion, and FY1985 up $1.228 billion.

Analysis of Revenues

(millions)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1985 Increase or Decrease Amount	FY 1985 Increase or Decrease Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	$ 2,212	$ 2,371	$ 2,383	$ 3,178	$ 2,863	$ −315	−9.9%
Corporate	515	495	416	549	595	+46	+8.4
Total, Income Taxes (gross)	2,727	2,866	2,799	3,727	3,458	−269	−7.2
Sales Taxes	2,322	2,322	2,383	2,639	3,152	+513	+19.4
Other State Sources							
Lottery Tickets & Licenses	104	163	250	492	748	+256	
Public Utility Taxes	536	595	645	639	657	+18	
Motor Fuel Tax (gross)	384	375	371	544	627	+83	
Corporate Personal Property Replacement Taxes	512	455	434	504	574	+70	
Motor Vehicle & Operators Licenses	345	341	338	428	540	+112	
Tuition & Other University Income	117	132	157	180	196	+16	
Cigarette Taxes	182	174	173	167	167		
Investment Income	185	174	114	140	178	+38	
Revolving Funds	94	101	109	106	135	+29	
Insurance Tax & Fees	96	81	114	123	123		
Amnesty Taxes					76	+76	
Liquor Gallonage Taxes & Licenses	78	77	75	73	72	−1	
Horse Racing Taxes & Fees	73	69	71	65	65		
Inheritance Tax (gross)	146	161	143	109	63	−46	
Corporation Franchise Tax & Fees	41	41	43	64	56	−8	
Hotel Tax	31	33	34	38	50	+12	
Short-Term Borrowing			150	50		−50	
Other Taxes, Licenses & Earnings	252	271	255	357	347	−10	
Total, Other State Sources	3,176	3,243	3,476	4,079	4,674	+595	+14.6
Total, Cash Receipts	**$ 8,225**	**$ 8,431**	**$ 8,658**	**$ 10,445**	**$ 11,284**	**$ +839**	**+8.0%**
Transfers In From Other State Funds:							
Protest Fund	$ 4	$ 16	$ 33	$ 30	$ 74	$ +44	
Public Building Fund					25	+25	
Public Assistance Recoveries Fund	17	17	22		17	+17	
Municipal & County Sales Tax Funds	11	11	11	13	14	+1	
Warrant Escheat Fund	3	2	3	3	4	+1	
Total Transfers In	**$ 35**	**$ 46**	**$ 69**	**$ 46**	**$ 134**	**$ +88**	
Total State Sources	**$ 8,260**	**$ 8,477**	**$ 8,727**	**$ 10,491**	**$ 11,418**	**$ +927**	**+8.8%**
Federal Sources:							
Cash Receipts:							
General Funds	$ 102	$ 73	$ 46	$ 52	$ 1,502	$ +1,450	
Highway Funds	541	426	442	621	595	−26	
Special State Funds	6	5	7	7	7		
Debt Service Funds	3	2	3	1	2	+1	
Federal Trust Funds	969	875	1,013	1,114	1,220	+106	
State Trust Funds	34	33	37	46	90	+44	
Total, Cash Receipts	**$ 1,655**	**$ 1,414**	**$ 1,548**	**$ 1,841**	**$ 3,416**	**$ +1,575**	
Transfers In:							
Public Aid Trust Fund							
General Funds	$ 1,439	$ 1,380	$ 1,340	$ 1,396	$	$ −1,396	
Social Services Block Grant Fund							
General Funds					85	+85	
Special State Funds					10	+10	
Federal Trust Funds					39	+39	
Total, Transfers In	**$ 1,439**	**$ 1,380**	**$ 1,340**	**$ 1,396**	**$ 134**	**$ −1,262**	
Total, Federal Sources	**$ 3,094**	**$ 2,794**	**$ 2,888**	**$ 3,237**	**$ 3,550**	**$ +313**	**+9.7%**
Sale of General Obligation Bonds	**$ 390**	**$ 200**	**$ 390**	**$ 360**	**$ 348**	**$ −12**	**−3.3%**
Total Revenues — Appropriated Funds	**$ 11,744**	**$ 11,471**	**$ 12,005**	**$ 14,088**	**$ 15,316**	**$ +1,228**	**+8.7%**

Appropriated Funds

Where The Fiscal Year 1985 Dollar Was Spent

Total Appropriated Funds Expenditures Were $15.006 Billion in Fiscal Year 1985

The largest spending agency from Appropriated Funds was the Department of Public Aid with expenditures of $3.218 billion or 21.4¢ of each fiscal year 1985 appropriated dollar. Of this total, $2.916 billion or 90.6% was expended for the various awards and grants programs.

The next largest spending agency was the State Board of Education with spending of $2.726 billion or 18.2¢ of each appropriated dollar expended. $1.476 billion or 54.1% of this total was for general apportionment to the local schools while another $75 million in supplementary payments was provided from the amnesty taxes.

The third largest spending agency was the Department of Transportation with expenditures of $1.870 billion or 12.5¢ of each dollar of total spending from Appropriated Funds. $1.005 billion or 53.7% of this total was for highway/waterway construction.

Spending by the Department of Revenue totaled $1.833 billion or 12.2¢ of each appropriated dollar expended in fiscal year 1985. Included in this total was $643 million for refunds, $506 million in payments to local governments from the Personal Property Tax Replacement Fund, $258 million in grants to local governments from the Local Government Distributive Fund (1/12 of net state income taxes), and $224 million for payment of prizes from the State Lottery Fund.

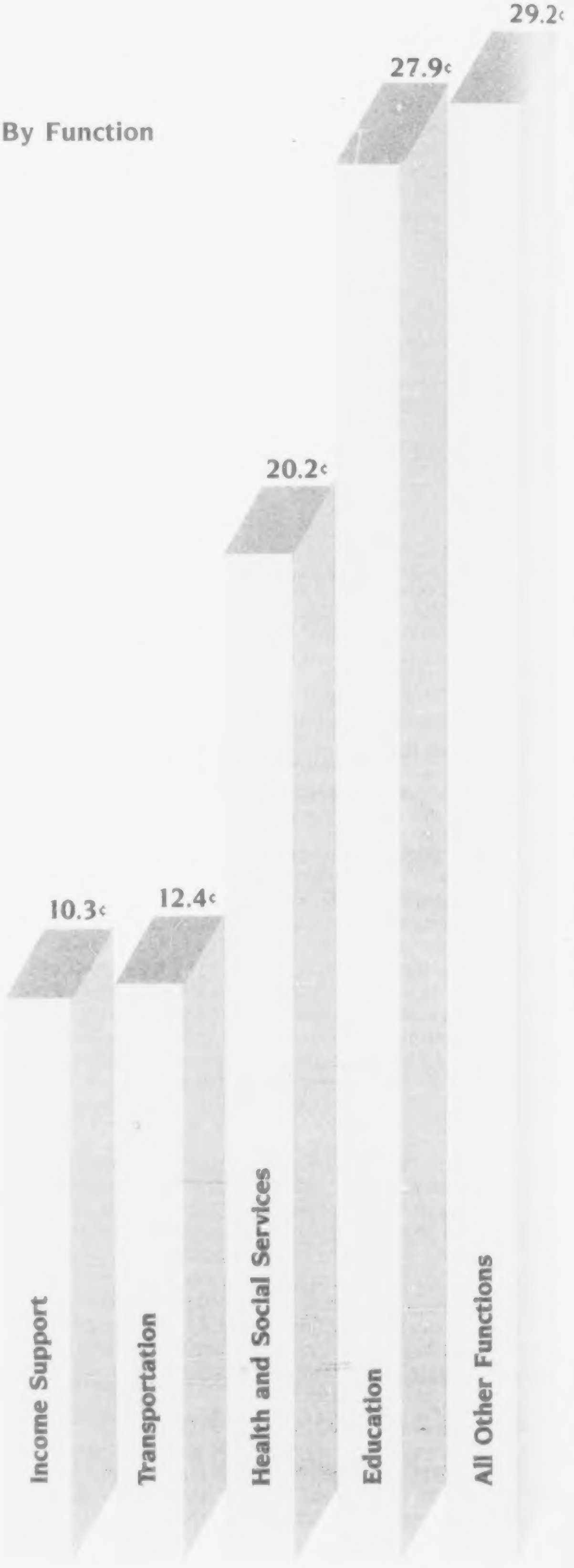
Expenditures for Higher Education agencies were $1.418 billion or 9.4¢ of each appropriated dollar spent in fiscal year 1985. $498 million or 35.1% of the total was for the University of Illinois.

Only two other agencies had expenditures in excess of $400 million in fiscal year 1985 — the Department of Mental Health and Developmental Disabilities with spending of $579 million or 3.9¢ of each appropriated dollar ($203 million for awards and grants for local care) and the State Treasurer with spending of $438 million (2.9¢ of each appropriated dollar) which included $429 million for debt service on general obligation bonds.

Spending by all other agencies in fiscal year 1985 from Appropriated Funds was $2.934 billion or 19.5¢ of each appropriated dollar spent. Three agencies had spending in excess of $300 million — Central Management Services $360 million, Commerce and Community Affairs $359 million, and Corrections $347 million.

Total expenditures from Appropriated Funds in fiscal year 1985 were $1.301 billion or 9.5% above comparable spending in fiscal year 1984 — the increase in fiscal year 1984 was $1.680 billion or 14.0%. Such increases over the last two fiscal years are unprecedented.

By Function



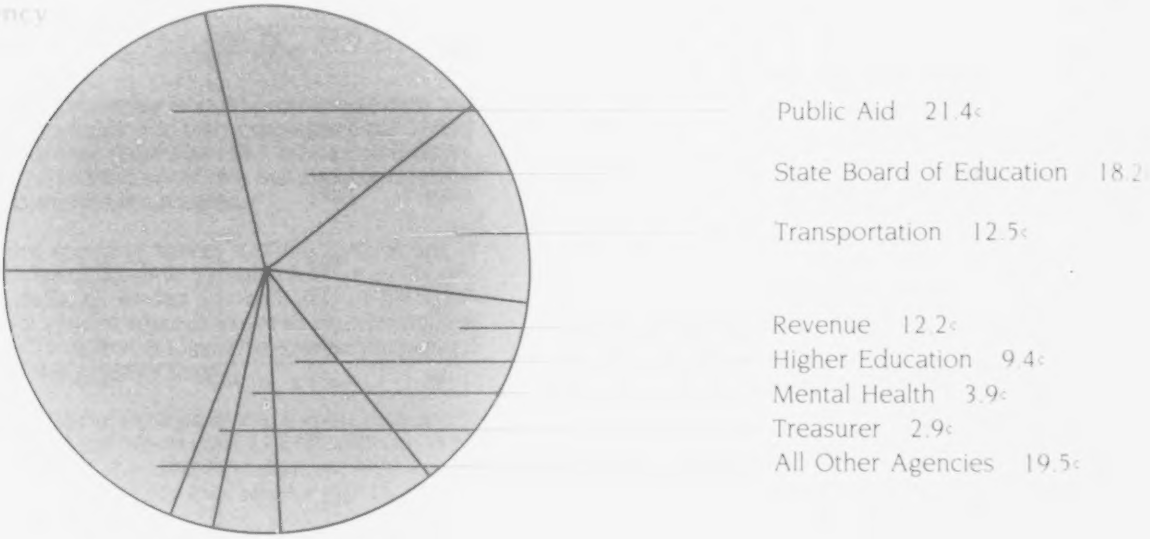
Analysis of Expenditures

(millions) Warrants Issued:	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1985 Increase or Decrease Amount	 Percent
Public Aid	$ 2,673	$ 2,899	$ 2,933	$ 3,069	$ 3,218	$ +149	+4.9
State Board of Education	2,583	2,540	2,417	2,554	2,726	+172	+6.7
Transportation	1,463	1,169	1,257	1,593	1,870	+277	+17.4
Revenue	1,132	1,091	1,083	1,486	1,833	+347	+23.4
Higher Education Agencies							
University of Illinois	396	411	408	462	498	+36	+7.8
Scholarship Commission	107	112	122	143	189	+46	+32.2
Southern Illinois University	156	162	157	172	181	+9	+5.2
Community College Board	157	163	152	157	170	+13	+8.3
All Other	327	339	330	360	380	+20	+5.6
Total, Higher Education Agencies	1,143	1,187	1,169	1,294	1,418	+124	+9.6
Mental Health and Developmental Disabilities	513	536	559	573	579	+6	+1.0
Treasurer	293	337	372	621	438	−183	−29.5
All Other Agencies							
Central Management Services	240	255	271	316	360	+44	+13.9
Commerce and Community Affairs	152	160	199	261	359	+98	+37.5
Corrections	231	243	255	304	347	+43	+14.1
Children and Family Services	169	175	186	197	221	+24	+12.2
Employment Security (Labor)	136	133	144	157	170	+13	+8.3
Secretary of State	118	126	133	146	163	+17	+11.6
Capital Development Board	196	211	182	164	159	−5	−3.0
Public Health	97	89	94	122	131	+9	+7.4
Law Enforcement	95	97	102	107	122	+15	+14.0
Judicial Agencies	82	81	93	103	117	+14	+13.6
Rehabilitation Services	79	79	82	87	102	+15	+17.2
All Other	485	483	502	556	683	+127	+22.8
Total, All Other Agencies	2,080	2,132	2,243	2,520	2,934	+414	+16.4
Prior Year Adjustments	−7	−10	−8	−5	−10	−5	
Awards and Grants	$ 7,217	$ 7,374	$ 7,329	$ 7,987	$ 8,755	$ +768	+9.6
Operations	3,177	3,204	3,306	3,602	3,981	+379	+10.5
Highway/Waterway Construction	831	549	603	789	1,005	+216	+27.4
Refunds	235	263	274	545	652	+107	+19.6
Debt Service	281	324	360	622	458	−164	−26.4
Permanent Improvements	139	177	161	165	165		
Prior Year Adjustments	−7	−10	−8	−5	−10	−5	
Investing in Education	$ 3,849	$ 3,816	$ 3,649	$ 3,899	$ 4,187	$ +288	+7.4
Health and Social Services	2,461	2,664	2,691	2,754	3,034	+280	+10.2
Transportation	1,452	1,160	1,251	1,586	1,859	+273	+17.2
Income Support	1,311	1,372	1,415	1,549	1,552	+3	+0.2
All Other Functions							
General Government	1,591	1,585	1,659	1,903	2,322	+419	+22.0
Public Protection and Justice	535	533	567	681	765	+84	+12.3
Refunds	235	263	274	545	652	+107	+19.6
Debt Service	281	324	360	622	458	−164	−26.4
Natural Resources and Recreation	175	174	167	171	187	+16	+9.4
Total, All Other Functions	2,817	2,879	3,027	3,922	4,384	+462	+11.8
Prior Year Adjustments	−7	−10	−8	−5	−10	−5	
Total, Expenditures in 15 Months	**$11,873**	**$11,881**	**$12,025**	**$13,705**	**$15,006**	**$ +1,301**	**+9.5%**

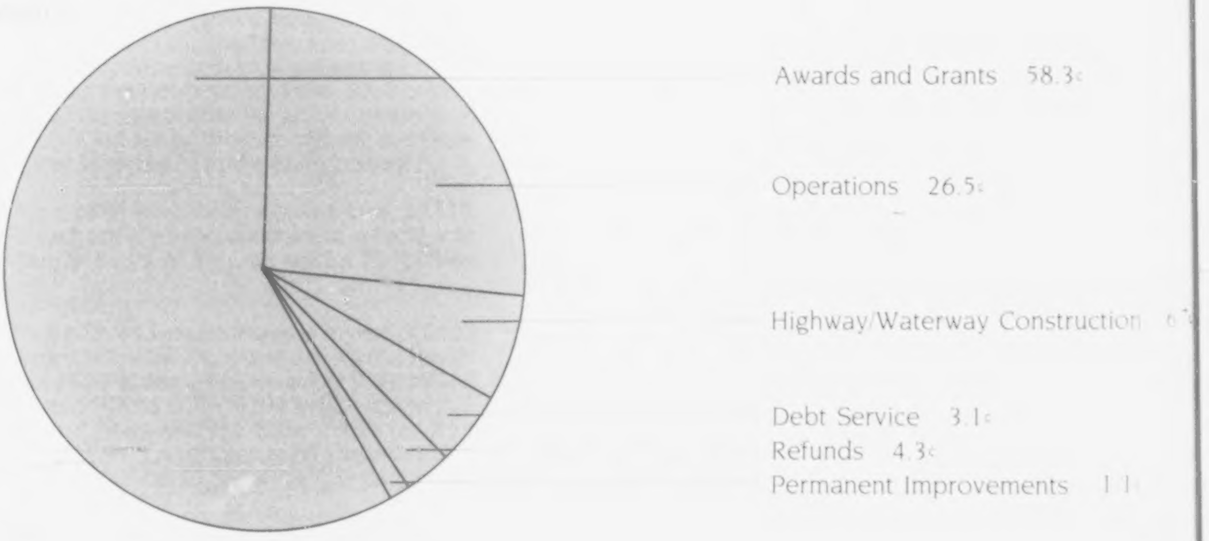
Appropriated Funds

Where The Fiscal Year 1985 Dollar Was Spent

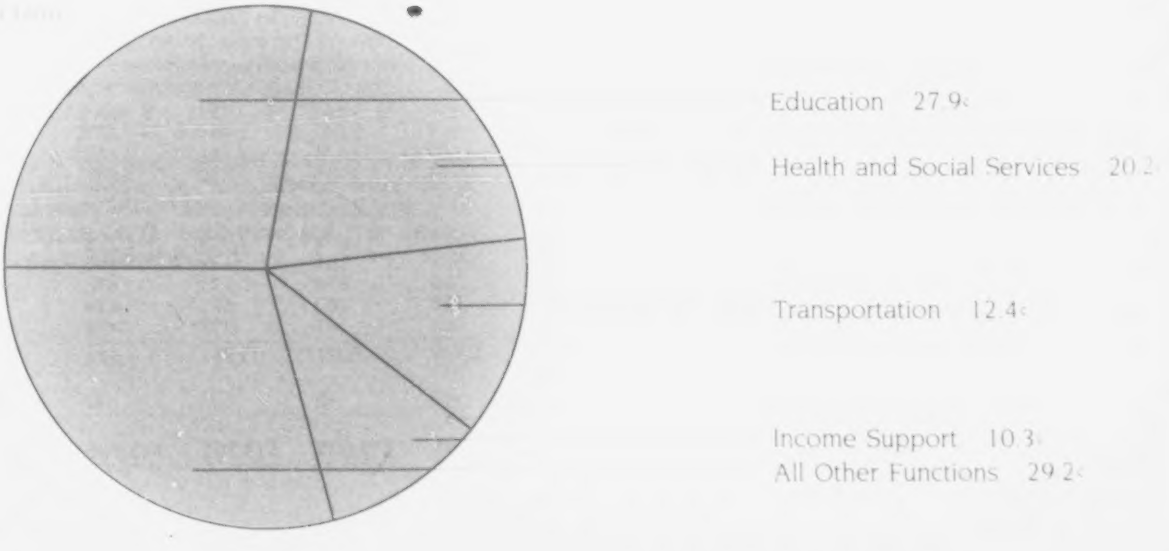
By Agency



By Category



By Function



Summary of Transactions

Fiscal Year Ended June 30, 1985
(millions)

Beginning Balances

Available Balance Concept			Budgetary Balance Concept
$ 1,047	**Available Balance** on June 30, 1984		
	Less Lapse Period Warrants Issued from Fiscal Year 1984 Appropriations		
	Operations	$ 319	
	Awards and Grants	445	
	Refunds	5	
	Permanent Improvements	2	
	Total	$ 771	
	Budgetary Balance to begin Fiscal Year 1985		$ 276
–20	Adjustments for Changes in Fund Classifications		–10
$ 1,027	**Adjusted Balances**		$ 266

[illegible]

Available Balance Concept			Budgetary Balance Concept
	State Sources:		
	Cash Receipts	$11,284	
	Transfers In	134	
	Total, State Sources	$11,418	
	Federal Sources:		
	Cash Receipts	$ 3,416	
	Transfers In	134	
	Total, Federal Sources	$ 3,550	
	Sale of General Obligation Bonds	$ 348	
$15,316	**Total, Revenues**		$15,316

From FY 1985 Appropriations and Lapse Period Spending from FY 1984 Appropriations **12 Months Warrants Issued**		From Fiscal Year 1985 Appropriations **15 Months Warrants Issued**
$ 3,951	Operations	$ 3,981
8,773	Awards and Grants	8,755
1,005	Highway/Waterway Construction	1,005
611	Refunds	652
458	Debt Service	458
162	Permanent Improvements	165
–10	Prior Year Adjustments	–10
$14,950	**Total, Expenditures**	$15,006

[illegible]

Available Balance Concept			Budgetary Balance Concept
$ 1,393	**Available Balance** on June 30, 1985		
	Less Lapse Period Warrants Issued from Fiscal Year 1985 Appropriations		
	Operations	$ 349	
	Awards and Grants	417	
	Refunds	46	
	Permanent Improvements	5	
	Total	$ 817	
	Budgetary Balance to begin Fiscal Year 1986		$ 576

Appropriated Funds Ten Year History

(millions)

Fund Group	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
Cash Receipts										
General Funds	$ 4,319	$ 4,824	$ 5,282	$ 5,853	$ 6,341	[illegible]184	$ 6,633	$ 6,746	$ 7,861	$
Highway Funds	1,121	1,110	999	1,062	1,352	1,325	1,190	1,198	1,641	
University Income Funds	75	75	90	89	108	118	134	158	181	
Special State Funds	274	241	213	210	625*	797	813	893	1,214	
Bond Financed Funds	454	386	405	540	300	390	200	395	361	
Debt Service Funds	8	6	10	15	19	16	13	9	8	
Federal Trust Funds	518	554	625	686	805	978	897	1,027	1,129	
Revolving Funds	60	64	65	71	78	95	101	109	106	
State Trust Funds	155	161	216	87	124	66	64	61	145	
Total Cash Receipts	$ 6,984	$ 7,421	$ 7,905	$ 8,613	$ 9,752	$ 10,269	$ 10,045	$ 10,596	$ 12,646	$
Appropriations										
General Funds	$ 5,364	$ 5,813	$ 6,032	$ 6,529	$ 7,120	$ 7,795	$ 8,074	$ 8,132	$ 8,986	$
Highway Funds	1,607	1,483	1,583	1,841	2,366	2,609	1,997	2,259	2,850	
University Income Funds	81	82	93	92	108	118	140	167	186	
Special State Funds	402	434	465	532	1,050	1,019	987	1,073	1,126	
Bond Financed Funds	1,871	1,458	1,386	1,322	1,388	1,417	1,301	1,201	1,125	
Debt Service Funds	103	152	193	220	252	283	324	360	404	
Federal Trust Funds	653	719	876	897	1,114	1,273	1,357	1,298	1,608	
Revolving Funds	64	70	70	78	87	101	112	127	130	
State Trust Funds	30	42	71	73	89	71	73	72	95	
Total Appropriations	$ 10,175	$ 10,253	$ 10,769	$ 11,584	$ 13,574	$ 14,686	$ 14,365	$ 14,689	$ 16,510	$
Warrants Issued**										
General Funds	$ 5,295	$ 5,655	$ 5,909	$ 6,359	$ 6,946	$ 7,650	$ 7,935	$ 7,804	$ 8,800	$
Highway Funds	1,064	1,048	914	1,052	1,346	1,396	1,148	1,215	1,504	
University Income Funds	80	81	90	90	103	113	134	162	182	
Special State Funds	362	394	419	466	921	928	880	889	1,098	
Bond Financed Funds	433	483	375	363	408	380	379	402	306	
Debt Service Funds	100	147	187	220	249	281	324	360	400	
Federal Trust Funds	488	544	630	706	838	969	924	1,033	1,197	
Revolving Funds	58	65	65	71	80	92	100	107	117	
State Trust Funds	158	167	226	77	212	64	57	53	101	
Total Warrants Issued	$ 8,038	$ 8,584	$ 8,815	$ 9,404	$ 11,103	$ 11,873	$ 11,881	$ 12,025	$ 13,705	$

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* General Funds decreased and Special State Funds increased by $391 million to adjust for corporate personal property replaceme tax revenue which was passed through the General Funds in fiscal 1980.

** 15 months

All Funds Summary of Transactions

Fiscal Year Ended June 30, 1985
(millions)

Beginning Balances

Available Balance Concept			Budgetary Balance Concept
$ 1,419	**Available Balance** on June 30, 1984		
	Less Lapse Period Warrants Issued for FY 1984		
	Operations	$ 337	
	Awards and Grants	471	
	Refunds	6	
	Permanent Improvements	2	
	Total	$ 816	
	Budgetary Balance to begin Fiscal Year 1985		$ 603

Plus Cash Receipts

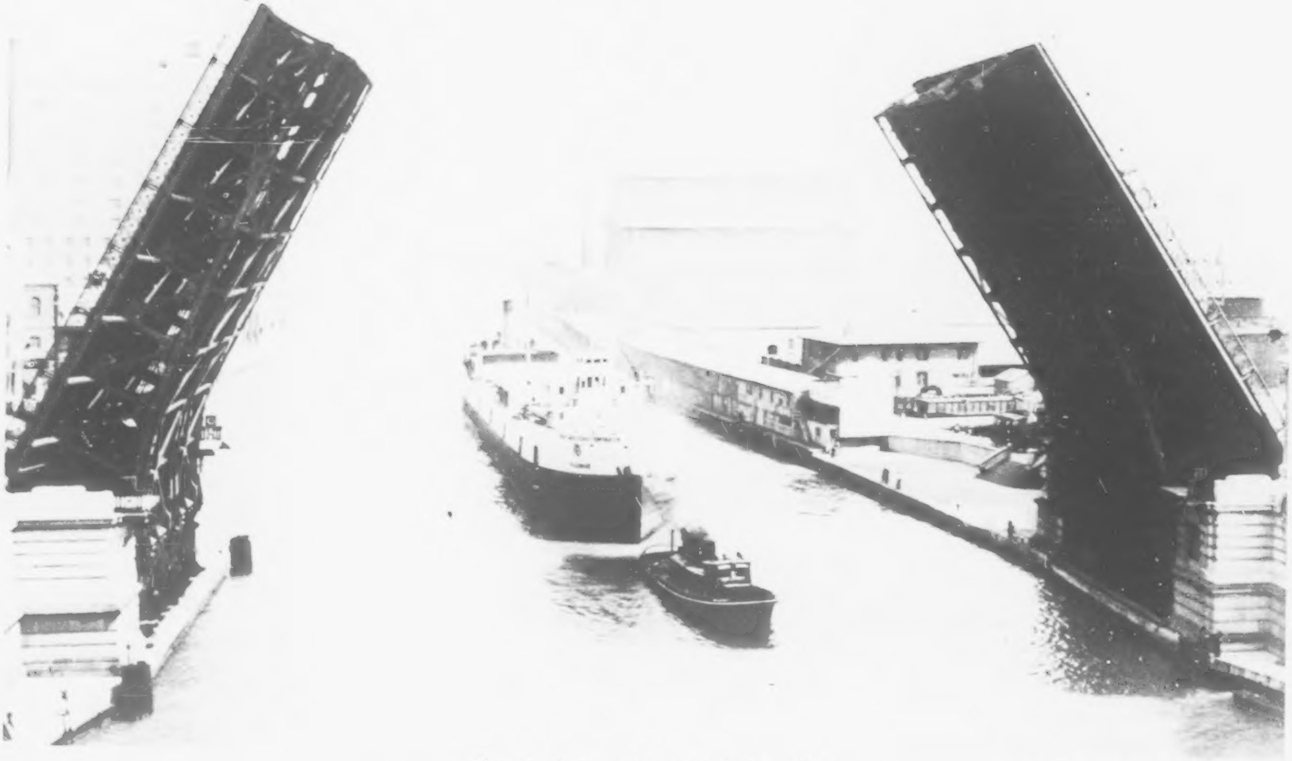
Available Balance Concept			Budgetary Balance Concept
	State Sources:		
	Sales Taxes	$ 4,223	
	Income Taxes (gross)	3,836	
	Other State Sources	6,329	
	Sale of General Obligation Bonds	348	
	Total, State Sources	$14,736	
	Federal Sources	3,576	
$18,312	**Total, Cash Receipts**		**$18,312**

Less Warrants Issued

Warrants Charged to FY 1985 and Lapse Period Warrants Charged to FY 1984 **12 Months Warrants Issued**		Warrants Charged to FY 1985 **15 Months Warrants Issued**
$ 5,271	Operations	$ 5,306
10,403	Awards and Grants	10,377
1,005	Highway/Waterway Construction	1,005
649	Refunds	690
162	Permanent Improvements	165
458	Debt Service	458
-10	Prior Year Adjustments	-10
$17,938	**Total, Warrants Issued**	**$17,991**

Equals Ending Balances

Available Balance Concept			Budgetary Balance Concept
$ 1,793	**Available Balance** on June 30, 1985		
	Less Lapse Period Warrants Issued for FY 1985		
	Operations	$ 372	
	Awards and Grants	445	
	Refunds	47	
	Permanent Improvements	5	
	Total	$ 869	
	Budgetary Balance to begin Fiscal Year 1986		**$ 924**



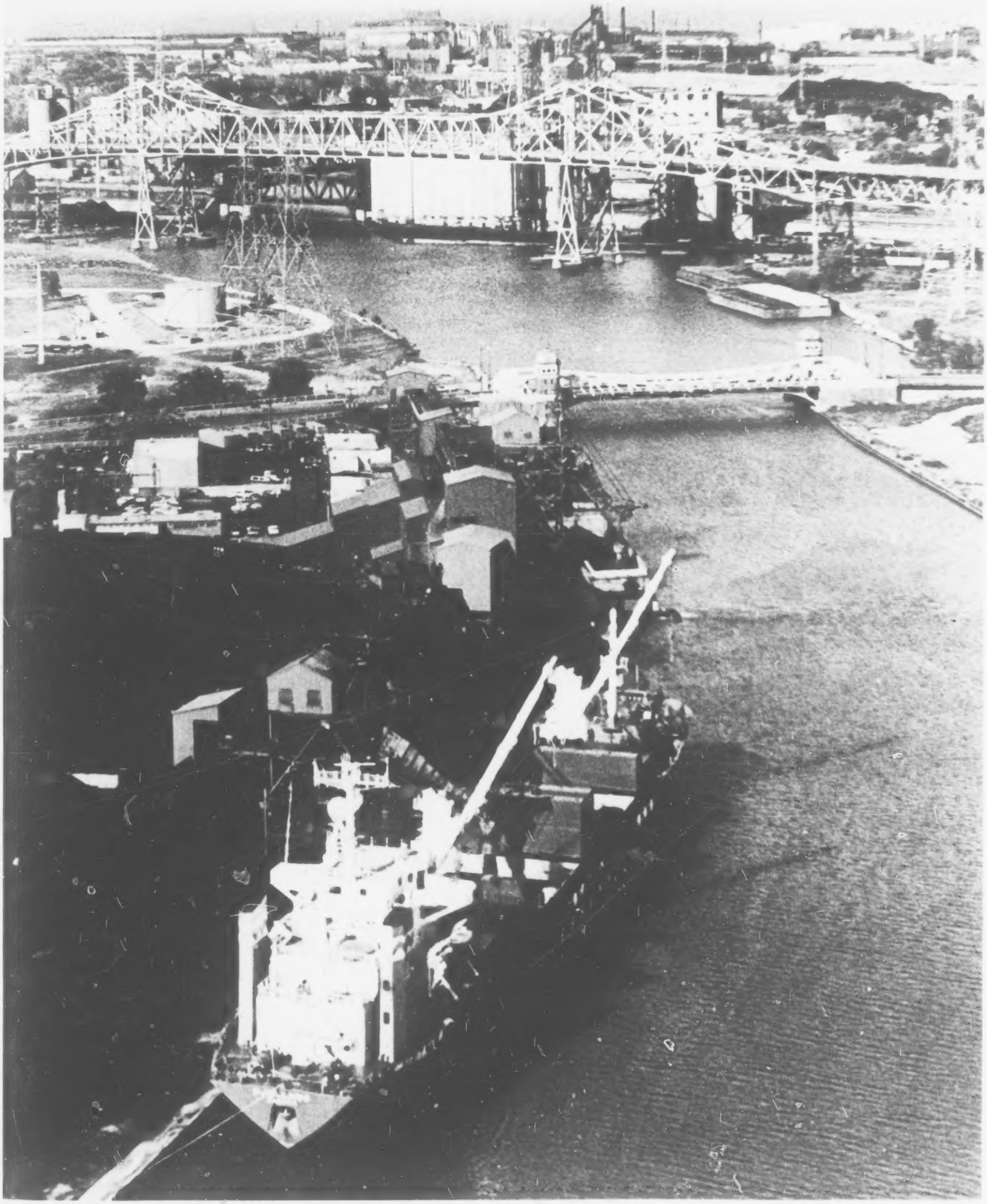
Chicago River at the Link Bridge, 1928

Courtesy Chicago Historical Society

Illinois' history as a center for industry and trade was due in large part to the 1,110 miles of navigable waterways which border or pass through the State. Providing Illinois with a direct link to the Atlantic Ocean (via the Great Lakes and St. Lawrence Seaway) and the Gulf of Mexico, these waterways and port facilities are taking on renewed emphasis as part of Illinois' transportation system.

The Port of Chicago, with major docks on the Lake Michigan shoreline extending six miles inland along the Calumet River, offers shippers unloading and loading facilities at 75 terminals. The Iroquois Landing Lakefront Terminus, with 225,000 square feet of storage space and 90 acres of paved land, is the newest containerized shipping facility on the Great Lakes.

Operated by the Illinois International Port District, the Lake Michigan port is served by four railroads and has direct access to Interstates 90 and 94.



Illinois-Michigan Canal

Budgetary Financial Statements & Schedules

Report of Independent Accountants

The Honorable Robert G. Cronson
Auditor General
State of Illinois

We have examined, as Special Assistant Auditors for the Auditor General State of Illinois, the statement of budgetary fund balances relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois (Comptroller) as of June 30, 1985 and the statement of budgetary receipts and expenditures, schedules of changes in appropriated and non-appropriated budgetary fund balances and schedules of appropriations, budgetary expenditures, and lapsed budgetary balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and the standards for financial audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying budgetary statements and schedules present the balances and transactions relating to the fiscal control officer responsibilities of the Comptroller on the basis described in Note 1. As explained therein, this basis of presentation differs from generally accepted accounting principles. Accordingly, the accompanying budgetary statements and schedules do not purport to present the financial position or results of operations of the State of Illinois in conformity with generally accepted accounting principles.

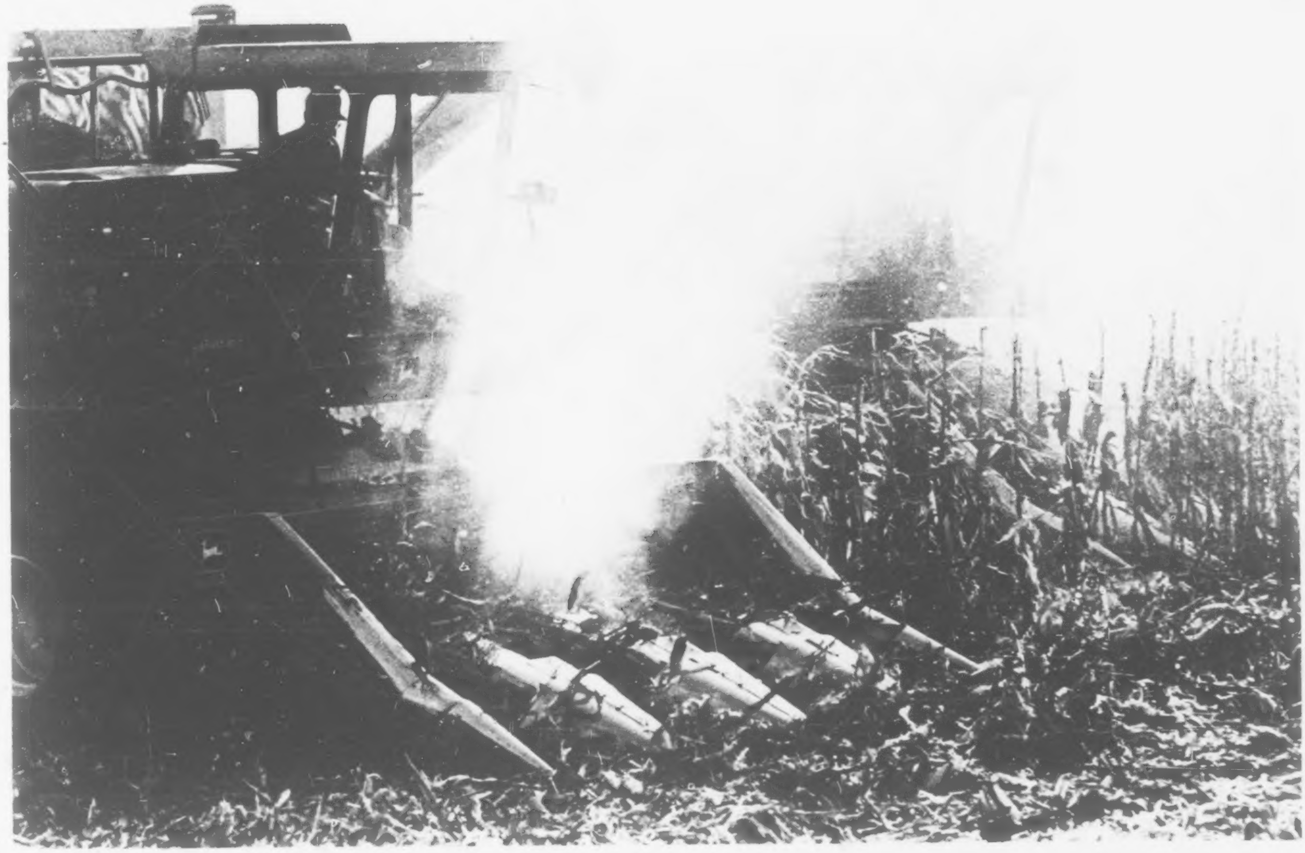
In our opinion, the accompanying budgetary statements present fairly the budgetary fund balances at June 30, 1985 and the changes in budgetary fund balances and budgetary receipts and expenditures for the year then ended relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois on the basis of accounting described in Note 1, applied on a basis consistent with that of the preceding year.

The general purpose financial statements and supplementary schedules of the State of Illinois for the year ended June 30, 1985, prepared in conformity with generally accepted accounting principles, included on pages 6 through 47, were examined by the Auditor General of the State of Illinois.

We have also performed a compliance audit of the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois for the twelve months ended March 31, 1985, and have issued our report thereon, dated July 17, 1985.

Chicago, Illinois
December 20, 1985

Touche Ross & Co.



Agriculture is the largest industry in Illinois. Approximately 90,000 farms cover about 28 million acres, or nearly 81 percent of the land. One of every five Illinois jobs has its roots on the farm.

Illinois leads the nation in the export of agricultural products. So, be it in the obvious production agriculture, or in the behind the scenes transportation, processing and food industry jobs, Illinois citizens are hard at work making the agricultural industry as a whole prosper. The fertile prairie soil, the favorable climate, and the availability of excellent transportation and grain handling systems have proven valuable assets to export success. The river system, highlighted by the Mississippi on the west, the Ohio on the east, and the Illinois through the middle of the state, make transportation to the Gulf of Mexico ports easy and affordable. Illinois also has access to the St. Lawrence Seaway through the Port of Chicago on Lake Michigan. In addition, Illinois is served by one of the country's most sophisticated railway networks. Illinois farmers are able to take advantage of these assets when getting their grain from the fields to markets.

Statement of Budgetary Fund Balances

Fiscal Year Ended June 30, 1985

Comp
State of Il
Fiscal Control Officer Responsib

(thousands)

	Total (memorandum only)	**Appropriated Funds**			**Non-Appropriated Funds**		
		Total	**General**	**Other**	**Total**	**Federal**	**State**
Budgetary Fund Balances June 30, 1984	$ 602,985	$ 275,755	$ -172,038	$ 447,793	$ 327,230	$ 1,933	$ 325
Adjustments for changes in fund classifications	....	-10,145	....	-10,145	+10,145	-11,011	+21
Adjusted Budgetary Fund Balances June 30, 1984	$ 602,985	$ 265,610	$ -172,038	$ 437,648	$ 337,375	$ -9,078	$ 346
Receipts	18,311,886	15,047,847	9,523,226	5,524,621	3,264,039	147,849	3,116
Expenditures during fiscal year	17,122,262	14,188,291	8,888,623	5,299,668	2,933,971	3,692	2,9
Net Transfers	....	+268,125	+16,869	+251,256	-268,125	-134,392	-13
Available Fund Balances June 30, 1985	$ 1,792,609	$ 1,393,291	$ 479,434	$ 913,857	$ 399,318	$ 687	$ 398
Expenditures during lapse period	868,945	817,106	434,847	382,259	51,839	444	5
Budgetary Fund Balances June 30, 1985	$ 923,664	$ 576,185	$ 44,587	$ 531,598	$ 347,479	$ 243	$ 34

See Accompanying Note to Financial Statements and Schedules

Statement of Budgetary Receipts and Expenditures

Fiscal Year Ended June 30, 1985

[illegible] Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

(thousands)

	Total (memorandum only)	**Appropriated Funds**			**Non-Appropriated Funds**		
		Total	**General**	**Other**	**Total**	**Federal**	**State**
Receipts:							
State Sources,							
Income Taxes	$ 3,835,893	$ 3,835,383	$ 3,457,920	$ 377,463	$ 510	$	$ 510
Sales Taxes	4,223,151	3,152,153	3,120,414	31,739	1,070,998	....	1,070,998
Sale of General Obligation Bonds	348,355	348,355	....	348,355			
Other State Sources	6,328,715	4,296,148	1,443,488	2,852,660	2,032,567	1	2,032,566
Federal Sources	3,575,772	3,415,808	1,501,404	1,914,404	159,964	147,848	12,116
Total, Receipts	**$ 18,311,886**	**$ 15,047,847**	**$ 9,523,226**	**$ 5,524,621**	**$ 3,264,039**	**$ 147,849**	**$ 3,116,190**
Expenditures:							
Investing in Education	$ 5,002,403	$ 4,187,223	$ 3,441,527	$ 745,696	$ 815,180	$ 81	$ 815,099
General Government	4,253,673	2,322,186	564,252	1,757,934	1,931,487	456	1,931,031
Health and Social Services	3,048,368	3,033,990	2,656,712	377,278	14,378	3,071	11,307
Transportation	2,013,286	1,859,041	12,819	1,846,222	154,245		154,245
Income Support	1,569,451	1,551,812	1,348,139	203,673	17,639		17,639
Public Protection and Justice	779,633	764,957	577,660	187,297	14,676	290	14,386
Refunds (taxes and other)	690,154	651,995	627,450	24,545	38,159	295	37,864
Debt Service	457,782	457,779	16,336	441,443	3		3
Natural Resources and Recreation	186,901	186,224	81,769	104,455	677		677
Voided Warrants Issued in Prior Years	−10,444	−9,810	−3,194	−6,616	−634	−62	−572
Total, Expenditures	**$ 17,991,207**	**$ 15,005,397**	**$ 9,323,470**	**$ 5,681,927**	**$ 2,985,810**	**$ 4,136**	**$ 2,981,674**
Transfers:							
From Other Funds	$ 4,298,246	$ 4,293,279	$ 2,517,114	$ 1,776,165	$ 4,967	$	$ 4,967
To Other Funds	4,298,246	4,025,154	2,500,245	1,524,909	273,092	134,392	138,700
Net Transfers	**$ ....**	**$ 268,125**	**$ 16,869**	**$ 251,256**	**$ −268,125**	**$ −134,392**	**$ −133,733**
Net Change in Budgetary Fund Balances	**$ 320,679**	**$ 310,575**	**$ 216,625**	**$ 93,950**	**$ 10,104**	**$ 9,321**	**$ 783**

See Accompanying Note to Financial Statements and Schedules

Changes in Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1985 (thousands) Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1984	Add: Receipts Ordered Into Treasury	Transfers From Other Funds
General Funds:				
General Revenue	001	$ -188,495	$ 8,664,350	$ 794,094
General Revenue - Common School Special Account	005	13,982	779,310	
Common School	412	8	79,280	1,723,020
Federal Fiscal Assistance Trust	623	2,467	286	
Total, General Funds		**$ -172,038**	**$ 9,523,226**	**$ 2,517,114**
Other Appropriated Funds:				
Highway Funds				
Road	011	$ 12,548	$ 975,348	$ 151,239
State Construction Account	902	76,730	210,256	190,340
Motor Fuel Tax				
State	012	50,324	627,269	77,229
Counties	413	-7,490		109,837
Municipalities	414	-10,574		154,027
Townships and Road Districts	415	-3,606		49,861
Grade Crossing Protection	019	10,580		6,000
Total, Highway Funds		128,512	1,812,873	738,551
University and College Income Funds				
Board of Governors				
Chicago State University	030	-234	6,371	
Eastern Illinois University	034	654	9,575	
Governors State University	027	373	3,437	
Northeastern Illinois University	037	611	7,838	
Western Illinois University	038	605	10,564	
Board of Regents				
Illinois State University	028	108	18,326	
Northern Illinois University	029	502	20,993	
Sangamon State University	020	421	2,063	
Southern Illinois University	035	225	39,061	
State Community College of East St. Louis	766	172	327	
University Income (University of Illinois)	032	-3,153	78,381	
Total, University and College Income Funds		284	196,936	
Special State Funds				
Aeronautics	046	88	168	
Agricultural Premium	045	2,009	29,575	
Attorney Generals Grant	901	17	121	
Bank and Trust Company	795	5	5,923	
Bi-State Public Transportation	794	310		[illegible]
Child Abuse Prevention	934			[illegible]
Coal Technology Development Assistance	925	-227		[illegible]
Continuing Legal Education Trust	844	26	36	
Criminal Justice Information Systems Trust	886	147	237	
Cycle Rider Safety Training	863	1,106	958	
Design Professional Administration and Investigation	888	651	694	
Domestic Violence Shelter and Service	865	601	1,000	
Downstate Public Transportation	648	3,204		[illegible]
Dram Shop	821	2,609	1,865	
Drivers Education	031	798	16,936	
Drug Traffic Prevention	878		99	
Environmental Protection Permit and Inspection	944		44	
Estate Tax Collections Distributive	815	-270		[illegible]
Export Development Bond	928		254	
Fair and Exposition	245	2,730	2,338	
Fire Prevention	047	4,297	6,827	
Food and Housing Assistance	959			[illegible]
Governors Grant	947		22	
Hazardous Waste	828	794	1,640	
Hazardous Waste Research	840	145	267	
Hearing Aid Dispenser Examining and Certification	938	6	41	
Illinois Forestry Development	905	100	224	
Illinois Historic Sites	538	459**	577	
Illinois National Guard Armory Construction	927	2,528	1	
Illinois Non-Game Wildlife Conservation	909		2	[illegible]
Illinois Racetrack Improvement	710	3,786	4,106	
Illinois Standardbred Breeders	708	536	1,852	
Illinois State Dental Disciplinary	823	232	392	
Illinois State Medical Disciplinary	093	173	3,330	
Illinois State Podiatric Disciplinary	954		83	

Deduct:					
Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1985	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1985	Fund Code
$ 1 714 660	$ 7 086 322	$ 468 967	$ 434 800	$ 34 167	001
782 832		10 460		10 460	005
	1 802 301	7	47	−40	412
2 753					623
$ 2,500,245	**$ 8,888,623**	**$ 479,434**	**$ 434,847**	**$ 44,587**	
$ 127 242	$ 940 997	$ 70 916	$ 50 637	$ 20 279	011
	429 505	47 821		47 821	902
665 356	29 867	59 599	4 159	55 440	012
	102 347		8 749	−8 749	413
	143 453		12 270	−12 270	414
	46 255		3 972	−3 972	415
	5 541	11 039		11 039	019
792 598	1 697 965	189 375	79 787	109 588	
	5 205	932	1 098	−166	030
	8 147	2 082	1 601	481	034
	2 360	1 450	852	598	027
	7 794	655	821	−166	037
	7 852	3 317	3 186	131	038
	14 475	3 959	3 534	425	028
	18 745	2 750	3 035	−285	029
	1 752	732	359	373	020
	31 729	7 557	8 499	−942	035
	405	94	91	3	766
	58 568	16 660	20 416	−3 756	032
	157 032	40 188	43 492	−3 304	
	144	112		112	046
	28 416	3 168	2 908	260	043
	105	33	11	22	901
	5 715	213	349	−136	795
	6 182	1 456	1 146	310	794
	292	424	7	417	934
	2 500	3 287	2 421	866	925
	13	49	10	39	844
	292	92	−5	97	886
	1 333	731	8	723	863
		1 345		1 345	888
	79	1 522		1 522	865
370	8 844	5 591	467	5 124	648
	969	3 505	20	3 485	821
	14 341	3 393	1	3 392	031
	76	23	7	16	878
	17	27	6	21	944
	2 872		307	−307	815
	254				928
	2 474	2 594		2 594	245
	4 182	6 942	2 615	4 327	047
		68		68	959
		22	22		947
	262	2 172	332	1 840	828
	3	409	297	112	840
	27	20	5	15	938
	22	302		302	903
	468	568		568	538
		2 529		2 529	027
	57	343	53	290	909
	2 852	5 040	2 147	2 893	[illegible]
	11 363	825	113	712	708
	227	397	38	359	[illegible]
	852	2 651	102	2 549	[illegible]
		83		83	933

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1985 (thousands) Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1984	Add: Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (continued):				
Special State Funds (concluded)				
Illinois Thoroughbred Breeders	709	421	2,673	
Illinois Veterans Home	619	143	6,813	251
Illinois Veterans Rehabilitation	036	402	1,549	
Insurance Producer Administration	922		4,100	
Juvenile Drug Abuse	910	2	33	
Law Enforcement Services	906	21	399	
Local Government Distributive	515			257,880
Local Initiative	762	10,226	2,706	10,396
Medical Center Commission Income	839	158	388	
Mental Health	050	3,104	20,991	
Metabolic Screening and Treatment	920	30	479	
Metropolitan Exposition Auditorium and Office Building	053	9,460	17,822	
Metropolitan Fair and Exposition Authority Improvement Bond	961			12,822
Metropolitan Fair and Exposition Authority Reconstruction	099		4,800	
Motor Vehicle	018	2,407	3,392	10
Natural Resources Information	914	25	135	
Nuclear Safety Emergency Preparedness	796	1,258	6,954	
Optometric Examining and Disciplinary Committee	889	148	23	
Park and Conservation	962			10,000
Personal Property Tax Replacement	802	24,486	578,528	46,985
Public Transportation	627			82,286
Public Utility	059	-1,486	12,158	197
Radiation Administration Protection	891	152	25	
Radiation Inspection	892	180	153	
Radioactive Waste Facility Closure and Compensation	943		70	
Radioactive Waste Facility Development and Operation	942		271	
Radioactive Waste Site Perpetual Care	735	9		
Rail Freight Loan Repayment	936	63*	95	
Real Estate License Administration	850	2,627	1,477	
Real Estate Research and Education	849	18	186	
Salmon	042	340	310	
Secretary of States Grant	948		25	
Senior Citizens Real Estate Deferred Tax Revolving	930	292	6	
Snowmobile Trail Establishment	866	119	64	
State Boating Act	039	2,657	1,410	4,032
State Community College of East St. Louis Contracts and Grants	767	187	1,913	
State Employees Deferred Compensation Plan	755	107	18,923	
State Lottery	711	8,217	747,605	
State Migratory Waterfowl Stamp	953		96	
State Parking Facility Maintenance	782	119	34	
State Parks	040	-24	2,087	
State Pensions	054	13,076	12,754	
States Attorneys Appellate Service County	745	33	800	
Tourism	960		55,673	
Tourism Promotion	763	57		14,933
Traffic and Criminal Conviction Surcharge	879	1,472	4,629	
Vehicle Recycling	614	4,481	3,186	
Violent Crime Victims Assistance	929	221	1,232	
Wildlife and Fish	041	1,945	15,065	
Total, Special State Funds		114,013	1,611,654	469,059
Bond Financed Funds:				
Anti-Pollution	551	18,558	39,871	
Capital Development	141	28,963	189,063	245
Coal Development	653	3,358	10,000	
School Construction	143	4,724		
Transportation Bond Series A	553	22,269	84,621	
Transportation Bond Series B	554	25,315	24,889	
Total, Bond Financed Funds		103,187	348,444	245
Debt Service Funds:				
Anti-Pollution B.R. & I.	138	20,131	1,235	22,445
Capital Development B.R. & I.	142	16,724	3,294	68,942
Coal Development B.R. & I.	654	948		508
General Obligation B.R. & I.	101		5,904	345,335
Matured Bond and Coupon	625	93	34	

Deduct: Transfers To Other Funds	Deduct: Expenditures (a)	Available Balance June 30, 1985	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1985	Fund Code
	2,178	916	494	422	709
	5,756	1,451	791	660	619
	962	989	430	559	036
	690	3,410	171	3,239	922
	4	31	17	14	910
	177	243	137	106	906
	251,000	6,880	6,879	1	515
	16,089	7,239	1,156	6,083	762
	49	497	5	492	839
	15,300	8,795	5,207	3,588	050
	96	413	52	361	920
	11,623	15,669		15,669	053
	12,822				961
	4,800				099
	4,253	1,556	373	1,183	018
	54	106	26	80	914
	2,518	5,694	638	5,056	796
		171		171	889
	518	9,482		9,482	962
99,465	460,118	90,416	47,656	42,760	802
	80,000	2,286		2,286	627
	9,896	973	1,727	−754	059
	36	141	5	136	891
	113	220	14	206	892
		70		70	943
	119	152	22	130	942
	5	4	3	1	735
		158		158	936
	1,014	3,090	82	3,008	850
	134	70	54	16	849
	386	264	19	245	042
		25		25	948
	128	170		170	930
	35	148		148	866
	3,829	4,270	205	4,065	039
	1,695	405	107	298	767
	18,885	145	42	103	755
506,167	224,007	25,648	22,440	3,208	711
		96		96	953
		153		153	782
	1,535	528	409	119	040
	11,900	13,930	130	13,800	054
	668	165	71	94	745
32,822	11,543	11,308	257	11,051	960
	9,621	5,369	4,651	718	763
	1,607	4,494	3,371	1,123	879
		7,667		7,667	614
	653	800	7	793	929
1,400	11,410	4,200	1,949	2,251	041
640,224	1,263,659	290,843	112,984	177,859	
	29,096	29,333		29,333	551
	158,379	59,892	4,261	55,631	141
245	2,794	10,319		10,319	653
	367	4,357	98	4,259	143
	82,656	24,234	4	24,230	553
	29,928	20,276	2	20,274	554
245	303,220	148,411	4,365	144,046	
23,640	20,171				138
12,333	76,627				142
	1,456				654
	234,242	116,997		116,997	101
	3	124		124	625

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1985
(thousands)

Fund Group and Fund	**Fund Code**	**Budgetary Balance June 30, 1984**	Add: **Receipts Ordered Into Treasury**	Add: **Transfers From Other Funds**
Other Appropriated Funds (continued):				
Debt Service Funds (concluded)				
Public Welfare Building B.R. & I.	135	2,337		6,605
School Construction B.R. & I.	144	2,001	243	9,672
Transportation Bond Series A B.R. & I.	139	44,354		52,233
Transportation Bond Series B B.R. & I.	140	12,353		15,137
Universities Building B.R. & I.	133	3,497		8,472
Total, Debt Service Funds		102,438	10,710	529,349
Federal Trust Funds				
Agricultural Marketing Services	439	11	8	
Agriculture Pesticide Control Act	689		237	
Alcohol, Drug Abuse and Mental Health Services Block Grant	876	257	17,725	
C. & F.S. Federal Projects	566	–483	6,470	
C. & F.S. Juvenile Justice	911	165	2,091	
C. & F.S. Local Effort Day Care Program	616	–2,346	16,504	
Child Welfare Services	061	–580	7,567	
Community Development/Small Cities Block Grant	875	–930	29,048	
Community Services Block Grant	871	642	15,539	
Conservation Federal Projects	894	113	22	
Correctional School District Education	603	1,416*	2,321	
Criminal Justice	488	40	40	
DMH/DD Federal Projects	662	711	4,791	
Economic Development Services Community Development	825	6	1	
Energy Administration	737	–783	13,420	
Federal Aid Disaster	491	–2	3,174	
Federal Civil Preparedness Administrative	497	–519	1,369	
Federal Energy	859	–208	1,941	
Federal Hardware Assistance	492	–23	126	
Federal Industrial Service	726	–21	787	
Federal Labor Projects	647	1,283	212	
Federal/Local Airport	095	634	25,469	
Federal Mass Transit	853		2,239	
Federal Moderate Rehabilitation Housing	851	91	1,145	
Federal Student Incentive	701		4,105	
Federal Surface Mining Control and Reclamation	765	–811	10,698	
Federal Title IV Fire Protection Assistance	670		121	
Federal Vocational Education Advisory Council	734	7	190	
Fire Prevention Division	580	–4	34	
Flood Control Land Lease	443		155	
Forest Reserve	086		109	
GI Education	447	69	434	
Governors Office Federal Grants	908	322*	665	
Guardianship and Advocacy Commission Federal Grant	846	9	572	
Human Services Support	857	117	14	
Illinois Arts Council Federal Grant	657	41	613	
Illinois Regional Archival Depository System Grant	693	17	89	
Institute of Natural Resources Federal Projects Grant	820	–50*	1,551	
Intergovernmental Cooperation Commission Federal Projects Grant	952	3*		
Intra-Agency Services	883	–573	9,725	
Job Training	688	605	345	
Job Training Partnership	913	–1,713	153,997	
Legislative Council National Science Foundation Grant	757		20	
Library Services	470	–1,161	4,712	
Local Government Affairs	636	143	1,125	
Low Income Home Energy Assistance Block Grant	870	5,779	83,656	
Maintenance and Calibration	526	18	128	
Maternal and Child Health Services	062	–16	195	
Maternal and Child Health Services Block Grant	872	–299	11,252	
National Center for Education Statistics	791	66	26	
National Flood Insurance Program	855	14	126	
National Institute of Education	682	4		
Nuclear Civil Protection Planning	484	29	97	
Old Age Survivors Insurance	495	–1,962	28,291	
Petroleum Violation	900	307	3,246	
Preventive Health and Health Services Block Grant	873	3	2,360	
Public Health Federal Projects	838	12	115	
Public Health Services	063	708	12,661	

Deduct:					
Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1985	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1985	Fund Code
	6,660	2,282		2,282	135
1,605	10,311				144
40,097	56,490				139
12,652	14,838				140
	8,562	3,407		3,407	133
90,327	429,360	122,810		122,810	
	8	11	1	10	439
	217	20	22	−2	689
	17,913	69	24	45	876
	5,546	441	624	−183	566
	2,244	12	288	−276	11
	13,371	787	723	64	616
	6,719	268	847	−579	061
	27,539	579	19	560	875
	16,109	72	126	−54	871
	9	126	11	115	894
	1,354	2,383	160	2,223	603
	63	17	7	10	488
	4,548	954	326	628	662
	7				825
	12,576	61	311	−250	737
	2,944	228		228	491
	710	140	4	136	497
	1,732	1	160	−159	859
	95	8		8	492
	727	39	51	−12	726
	1,492	3		3	647
	25,327	776		776	095
	2,239				853
	987	249	7	242	851
	4,105				701
	8,888	999	1,929	−930	765
	121				670
	164	33	21	12	734
	6	24	12	12	580
	155				443
	109				086
	408	95	24	71	447
	792	195	12	183	908
	446	135	90	45	846
	118	13	10	3	857
	518	136	89	47	657
	58	48	4	44	693
	1,419	82	221	−139	820
		3		3	952
	8,905	247	1,510	−1,263	883
	202	748	−45	793	688
	151,079	1,205	2,633	−1,428	913
	16	4		4	757
	2,553	998	2,805	−1,807	470
	1,200	68	191	−123	636
	88,680	755	62	693	870
	120	26	8	18	526
	162	17	44	−27	062
	10,852	101	−306	407	872
	37	55	2	53	791
	102	38		38	855
	2	2	2		682
	99	27	7	20	484
	26,088	241	3,133	−2,892	495
	1,396	2,157	46	2,111	900
	2,270	93	35	58	873
	95	32		32	838
	12,888	481	2,651	−2,170	063

Changes in Appropriated Budgetary Fund Balances (concluded)

Fiscal Year Ended June 30, 1985
(thousands)

			Add:	
Fund Group and Fund	**Fund Code**	**Budgetary Balance June 30, 1984**	**Receipts Ordered Into Treasury**	**Transfers From Other Funds**
Other Appropriated Funds (concluded):				
Federal Trust Funds (concluded):				
Rehabilitation Services Elementary and Secondary Education Act	798	73*	343	
S.B.E. CETA and Job Training Partnership Act	656	−1,540	1,621	
S.B.E. Federal Department of Agriculture	410	−23,238	146,165	
S.B.E. Federal Department of Education	561	−1,110	260,683	
Services for Older Americans	618	−861	41,611	
Special Projects Division	607	30	916	
Special Purposes	408	−1,143	53,514	38,950
Title III Social Security and Employment Service	052	−6,920	124,519	
U.S.D.A. Woman and Infant Care	700	−8,587	56,105	
U.S. Environmental Protection	065	51	14,093	
Unemployment Compensation Special Administration	055	13,068	9,633	
Urban Planning Assistance	404	73	171	
Vocational Rehabilitation	081	−1,829	41,117	
Wholesome Meat	476	23	2,739	
Total, Federal Trust Funds		−30,752	1,236,903	38,950
Revolving Funds:				
Air Transportation	309	252	871	
Board of Governors Cooperative Computer Center	320	187	2,714	
Communications	312	−11,515	62,831	
Office Supplies	307	14	2,145	
Paper and Printing	308		2,380	
State Garage	303	−2,191	20,152	
State Surplus Property	903	331	926	
Statistical Services	304	−639	29,519	
Working Capital	301	−749	13,047	
Total, Revolving Funds		−14,310	134,585	
State Trust Funds:				
Agricultural Master	440	102	285	
C.D.B. Contributory	617	247	2,593	
Charles S. Mott Foundation	760	8	21	
Child Enforcement	957		48,228	
Conservation Special Projects	884	1*	5	
DMH/DD Private Resources	690	*	79	
Environmental Protection	845	537	467	
Group Insurance Premium	457	12,296	36,594	
Housing	467	144	12	
I.D.O.T. Metropolitan Sanitary District	843	5	150	
Illinois Rural Rehabilitation	595	559	95	
Land and Water Recreation	465	611	2,968	
Land Reclamation	858	124	7	
McHenry Lock Grant	956		110	
Narcotic Profit Forfeiture	951		5	
Public Health Special State Projects	896	41		
Robert Wood Johnson Foundation	830		157	
Special Events Commission Special Project	881	239*		
State Scholarship Commission Student Loan	676	19,362	80,740	
Total, State Trust Funds		34,276	172,516	
Total, Other Appropriated Funds		**$ 437,648**	**$ 5,524,621**	**$ 1,776,165**
Total, Appropriated Funds		**$ 265,610**	**$ 15,047,847**	**$ 4,293,279**

* Non-appropriated fund in fiscal year 1984.

** Fund name and classification changed in fiscal year 1985.

(a) Expenditures from appropriated funds include expenditures against fiscal year 1985 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling $68,544 against no appropriation accounts, less warrants totaling $9,810 issued in prior fiscal years which were returned (refunds) or voided during the current fiscal year.

(b) Lapse period expenditures from appropriated funds include expenditures against fiscal year 1985 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling $7,801 against no appropriation accounts.

See Accompanying Note to Financial Statements and Schedules.

Deduct:					
Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1985	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1985	Fund Code
	322	94	22	72	798
	81				656
	122,751	176	16,047	−15,871	410
	259,032	549	10,456	−9,907	561
	39,175	1,575	2,810	−1,235	618
	747	199	60	139	607
	84,207	7,115	8,754	−1,639	408
	117,006	593	8,191	−7,598	052
	46,809	709	8,380	−7,671	700
	12,662	1,482	2,039	−557	065
	16,405	6,296	739	5,557	055
	117	127	23	104	404
	39,031	257	2,515	−2,258	081
	2,572	190	165	25	476
	1,209,446	35,664	79,102	−43,438	
	589	534	114	420	309
	2,580	321	99	222	320
	48,995	2,321	15,668	−13,347	312
	2,136	23	392	−369	307
	2,093	287	305	−18	308
	16,780	1,181	4,535	−3,354	303
	724	533	66	467	903
	26,388	2,492	3,990	−1,498	304
	9,709	2,589	2,024	565	301
	109,994	10,281	27,193	−16,912	
	285	102	15	87	440
	1,495	1,345	52	1,293	617
	15	14	5	9	760
1,329	35,020	11,879	7,937	3,942	957
	5	1	1		884
	21	58	62	−4	690
		1,004		1,004	845
	16,044	32,846	23,982	8,864	457
	−1	157		157	467
	58	97		97	843
	119	535	9	526	595
	3,058	521		521	465
	44	87	47	40	858
		110		110	956
	5				951
	33	8		8	896
	154	3		3	830
	239				881
186	72,398	27,518	3,226	24,292	676
1,515	128,992	76,285	35,336	40,949	
$ 1,524,909	**$ 5,299,668**	**$ 913,857**	**$ 382,259**	**$ 531,598**	....
$ 4,025,154	**$ 14,188,291**	**$ 1,393,291**	**$ 817,106**	**$ 576,185**	....

Changes in Non-Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1985
(thousands)

Fund Group and Fund	**Fund Code**	**Budgetary Balance June 30, 1984**	**Add: Receipts Ordered Into Treasury**	**Add: Transfers From Other Funds**
Federal Trust Funds:				
Agriculture Federal Projects	826	$ 28*	$ 191	
Agriculture Resources Conservation	785	5		
B.E.D. Minority Highway Contractor Program	779	50*		
B.O.B. Special Federal Projects	694	48	48	
C. & F.S. Refugee Assistance	684	–34	2,910	
Central Management Services Federal Projects	964		27	
Correctional Special Purpose	547	–18	328	
DORS-CETA Training Program	667	1		
Department of Law Enforcement Federal Projects	904	37	88	
Economic Opportunity	493	18		
Governors Office of Volunteer Resources Federal Grant	819	20	79	
Illinois Community College Board	519		31	
Intergovernmental Personnel Act	585	1		
Law Enforcement Officers Training Board Federal Projects	923		21	
Morrill Trust	411		50	
Rehabilitation Services Federal Grants	831	2	113	
Rehabilitation Services Vocational Education	813	26		
Social Services Block Grant	935		134,384	
State Criminal Justice	764	1*		
Tennessee Valley Authority Local	861		158	
Vocational Education	082	–9,413*	9,421	
Wagner-Peyser 7(b) Discretionary	926	150*		
Total, Federal Trust Funds		**$ –9,078**	**$ 147,849**	**..........**
State Trust Funds:				
Agriculture Hay Marketing Conference	941	$ 2	$ 3	
Armory Rental	416	44	31	
Attorney General Court Order Distribution	801	114		
Board of Governors Bond Revenue	462	1,549	31,654	
C. & F.S. Special Purpose	582	3		
Chicago Worlds Fair Tax	937	97	1,101	
Child Abuse Prevention Donation	946		1	
Compensation Rate Adjustment	685	2,980	2,576	
Council on Nutrition Special Projects	862	3		
County Automobile Renting Tax	869	–2	26	
County Retailers Occupation Tax	425	4,806	48,865	$ 3
Export Development Bond	966		207	
Garnishment	659	265	1,237	
General Assembly Retirement	481	352	2,990	
I.S.S.C. Loan Purchase Program Payroll	773	–41	1,275	
Illinois Arts Council	965		50	
Illinois Municipal Retirement	475	1,894	438,874	
Illinois State Board of Investments	529	25	550	
Illinois State Toll Highway Construction	450	5,431	519	
Illinois State Toll Highway Revenue	455	79,984	175,159	4,891
Illinois Tourism Tax	452	56	3,853	
Institute of Natural Resources Special Projects	834	32	529	
J.J. Wolf Memorial for Conservation Investigation	931	1	1	
Judges Retirement	477	978	13,942	
Kaskaskia Commons Permanent School	441	219	28	
Library Trust	893	–311	3,386	
Metro East Mass Transit District Tax	841	543	6,084	
Municipal Automobile Renting Tax	868	–172	1,669	
Municipal Retailers Occupation Tax	402	75,446	666,258	17
Pawnee v. Johnson # 83-MR-150 Interest Escrow Account	932	161	300	
Prairie State Games Grant	933	–52	616	
Protest	401	107,293	32,361	
Public Assistance Recoveries	421	21,386*	27,831	
Public Building	409	25,683	2,383	
R.T.A. Public Transportation Tax	741	–76	282	
R.T.A. Sales Tax	812	5,713	338,425	56
Real Estate Recovery	629	1,214	298	
Replacement Vehicle Tax - Municipal	917	–1	16	
Replacement Vehicle Tax - State	915		215	
Safety Responsibility	436	914	883	
Second Injury	431	205	631	
Secretary of State International Registration Plan	890	–120	41,753	
Sheffield February 1982 Agreed Order	882			
Social Security Contributions	058	5,397	210,999	
State Employees Retirement System	479	8,897	175,583	

Deduct:					
Transfers To Other Funds	Expenditures	Available Balance June 30, 1985	Expenditures Lapse Period	Budgetary Balance June 30, 1985	Fund Code
	$ 155	$ 64	$ 29	$ 35	826
	5				785
	50				779
	96				694
	2,632	244	259	−15	684
	24	3	2	1	964
	199	111	53	58	547
		1		1	667
	45	80	3	77	904
	18				493
	96	3		3	819
	27	4	4		519
		1		1	585
	20	1	13	−12	923
	50				411
	103	12	81	−69	831
	26				813
$ 134,384					935
		1		1	764
	158				861
8					082
	−12	162		162	926
$ 134,392	**$ 3,692**	**$ 687**	**$ 444**	**$ 243**	
	$ 4	$ 1		$ 1	941
	22	53	$ 7	46	416
	114				801
	31,897	1,306		1,306	462
		3		3	582
	1,198				937
		1		1	946
	2,852	2,704		2,704	685
	3				862
$ 1	23		6	−6	869
872	42,753	10,049	12	10,037	425
	40	167	11	156	966
	1,246	256	12	244	659
	3,148	194	19	175	481
	1,155	79	53	26	773
	50				965
	435,002	5,766	4,757	1,009	475
	534	41	99	−58	529
4,891	1,059				450
	152,802	107,232		107,232	455
152	3,663	94		94	452
	337	224	215	9	834
	2				931
	14,196	724	8	716	477
	28	219		219	441
	2,749	326	1,507	−1,181	893
	6,232	395		395	841
33	1,464		276	−276	868
12,427	618,607	110,687	65	110,622	402
		461		461	932
	344	220	232	−12	933
73,915	749	64,990		64,990	401
16,947	17,555	14,715	200	14,515	421
25,310	279	2,477	−8	2,485	409
1	205				741
	331,409	12,785	7	12,778	812
	135	1,377	11	1,366	629
	15				917
	215		1	−1	915
8	493	1,296	20	1,276	436
	779	57	−1	58	431
	34,312	7,321	7,309	12	890
			106	−106	882
	207,249	9,147		9,147	058
	172,649	11,831	789	11,042	479

Changes in Non-Appropriated Budgetary Fund Balances (concluded)

Fiscal Year Ended June 30, 1985
(thousands)

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1984	Add: Receipts Ordered Into Treasury	Add: Transfers From Other Funds
State Trust Funds (concluded)				
State Employees Unemployment Benefit	056	–1,993	9,219	......
State Fair Promotional Activities	835	2	4	......
State Off-Set Claims	658	372	2,755	......
State Projects	448	9*	......	......
State Withholding Tax	512	1,956	53,396	......
Tax Suspense	583	......	8	......
Teachers Retirement System	473	–5,539	801,028	......
U.S. Savings Bond - Series EE	827	144	5,261	......
Unclaimed Property	482	100	1,684	......
United Fund Deduction	459	......	502	......
Vehicle Use Tax	810	–1	3,127	......
Warrant Escheat	485	491	5,762	......
Total, State Trust Funds		**$ 346,453**	**$ 3,116,190**	**$ 4,967**
Total, Non-Appropriated Funds		**$ 337,375**	**$ 3,264,039**	**$ 4,967**

* Appropriated Fund in fiscal year 1984

Deduct:					
Transfers To Other Funds	**Expenditures**	**Available Balance June 30, 1985**	**Expenditures Lapse Period**	**Budgetary Balance June 30, 1985**	**Fund Code**
	6,782	444	269	175	056
	6				835
	2,426	701		701	658
	9				448
	53,675	1,677		1,677	512
	8		1	-1	583
	767,698	27,791	35,142	-7,351	473
	5,279	126		126	827
	1,570	214	12	202	482
	502				459
	2,808	318	259	59	810
4,143	1,948	162	-1	163	485
$ 138,700	$ 2,930,279	$ 398,631	$ 51,395	$ 347,236	....
$ 273,092	$ 2,933,971	$ 399,318	$ 51,839	$ 347,479	....

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances

Fiscal Year Ended June 30, 1985

(thousands)

Fund Group and Fund	**Fund Code**	**Appropriations**	**Expenditures (a)**		**Balance Lapsed at September 30, 1985 (b)**
			Year Ended June 30, 1985	**Lapse Period**	
General Funds:					
General Revenue	001	$ 7,758,313	$ 7,089,495	$ 434,800	$ 234,018
Common School	412	1,802,762	1,802,322	47	393
Total, General Funds		**$ 9,561,075**	**$ 8,891,817**	**$ 434,847**	**$ 234,411**
Other Appropriated Funds:					
Highway Funds:					
Road	011	$ 1,713,414	$ 941,081	$ 50,637	$ 721,696
State Construction Account	902	877,636	429,505		448,131
Motor Fuel Tax					
State	012	35,972	29,868	4,159	1,945
Counties	413	113,749	• 102,347	8,749	2,653
Municipalities	414	159,056	143,453	12,270	3,333
Townships and Road Districts	415	51,295	46,255	3,972	1,068
Grade Crossing Protection	019	21,212	5,592		15,620
Total, Highway Funds		2,972,334	1,698,101	79,787	1,194,446
University and College Income Funds:					
Board of Governors					
Chicago State University	030	6,306	5,205	1,098	3
Eastern Illinois University	034	9,831	8,147	1,601	83
Governors State University	027	3,226	2,360	852	14
Northeastern Illinois University	037	8,803	7,794	821	188
Western Illinois University	038	11,121	7,852	3,186	83
Board of Regents					
Illinois State University	028	18,384	14,475	3,534	375
Northern Illinois University	029	23,463	18,745	3,035	1,683
Sangamon State University	020	2,197	1,752	359	86
Southern Illinois University	035	42,989	31,730	8,499	2,760
State Community College of East St. Louis	766	587	405	91	91
University Income (University of Illinois)	032	79,279	58,568	20,416	295
Total, University and College Income Funds		206,186	157,033	43,492	5,661
Special State Funds					
Aeronautics	046	145	144		1
Agricultural Premium	045	32,770	28,417	2,908	1,445
Attorney Generals Grant	901	500	105	11	384
Bank and Trust Company	795	6,189	5,715	349	125
Bi-State Public Transportation	794	8,300	6,182	1,146	972
Child Abuse Prevention	934	500	292	7	201
Coal Technology Development Assistance	925	5,000	2,500	2,421	79
Continuing Legal Education Trust	844	35	13	10	12
Criminal Justice Information Systems Trust	886	497	292	−5	210
Cycle Rider Safety Training	863	2,390	1,333	8	1,049
Domestic Violence Shelter and Service	865	2,100	91		2,009
Downstate Public Transportation	648	10,628	9,025	467	1,136
Dram Shop	821	1,022	969	20	33
Drivers Education	031	14,344	14,341	1	2
Drug Traffic Prevention	878	1,489	76	7	1,406
Environmental Protection Permit and Inspection	944	250	17	6	227
Estate Tax Collections Distribution	815	3,375	2,872	307	196
Export Development Bond	928	254	254		
Fair and Exposition	245	2,474	2,474		
Fire Prevention	047	6,913	4,182	2,615	116
Food and Housing Assistance	959	2,000			2,000
Governors Grant	947	250		22	228
Hazardous Waste	828	1,500	262	332	906
Hazardous Waste Research	840	300	3	297	
Hearing Aid Dispenser Examining and Certification	938	50	27	5	18
Illinois Forestry Development	905	155	22		133
Illinois Historic Sites	538	1,285	468		817
Illinois Network for Opportunity	921	40			40
Illinois Non-Game Wildlife Conservation	909	260	57	53	150
Illinois Racetrack Improvement	710	5,000	2,852	2,147	1
Illinois Standardbred Breeders	708	2,198	1,563	113	522
Illinois State Dental Disciplinary	823	288	227	38	23
Illinois State Medical Disciplinary	093	1,071	852	102	117

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Fiscal Year Ended June 30, 1985

(thousands)

Fund Group and Fund	**Fund Code**	**Appropriations**	**Expenditures (a)** Year Ended June 30, 1985	**Expenditures (a)** Lapse Period	**Balance Lapsed at September 30, 1985 (b)**
Other Appropriated Funds (Continued):					
Special State Funds (Concluded):					
Illinois Thoroughbred Breeders	709	2,798	2,178	494	126
Illinois Veterans Home	619	6,697	5,759	791	147
Illinois Veterans Rehabilitation	036	1,400	963	430	7
Insurance Producer Administration	922	967	690	171	106
Juvenile Drug Abuse	910	50	4	17	29
Law Enforcement Services	906	600	177	137	286
Lieutenant Governors Grant	924	10			10
Local Government Distributive	515	261,000	251,000	6,879	3,121
Local Initiative	762	17,884	16,068	1,129	687
Medical Center Commission Income	839	271	49	5	217
Mental Health	050	25,900	15,311	5,207	5,382
Metabolic Screening and Treatment	920	468	96	52	320
Metropolitan Exposition Auditorium and Office Building	053	11,661	11,623		38
Metropolitan Fair and Exposition Authority Improvement Bond	961	15,000	12,822		2,178
Metropolitan Fair and Exposition Authority Reconstruction	099	4,800	4,800		
Motor Vehicle	018	4,987	4,253	373	361
Natural Resources Information	914	90	54	26	10
Nuclear Safety Emergency Preparedness	796	6,051	2,518	638	2,895
Park and Conservation	962	10,125	518		9,607
Personal Property Tax Replacement	802	508,031	460,118	47,656	257
Public Transportation	627	80,000	80,000		
Public Utility	059	11,875	9,898	1,727	250
Radiation Administration Protection	891	87	36	5	46
Radiation Inspection	892	162	113	14	35
Radioactive Waste Facility Development and Operation	942	1,120	119	22	979
Radioactive Waste Site Perpetual Care	735	9	5	3	1
Rail Freight Loan Repayment	936	237			237
Real Estate License Administration	850	1,150	1,014	82	54
Real Estate Research and Education	849	255	134	54	67
Salmon	042	492	386	19	87
Secretary of States Grant	948	25			25
Senior Citizens Real Estate Deferred Tax Revolving	930	292	129		163
Snowmobile Trail Establishment	866	186	35		151
State Boating Act	039	7,890	3,829	205	3,856
State Community College of East St. Louis Contracts and Grants	767	2,200	1,695	107	398
State Employees Deferred Compensation Plan	755	421	263	42	116
State Lottery	711	280,014	224,008	22,440	33,566
State Parks	040	2,001	1,535	409	57
State Pensions	054	12,149	11,900	130	119
States Attorneys Appellate Service County	745	824	668	71	85
Tourism	960	11,800	11,543	257	
Tourism Promotion	763	14,914	9,630	4,651	633
Traffic and Criminal Conviction Surcharge	879	5,968	1,607	3,371	990
Violent Crime Victims Assistance	929	1,000	653	7	340
Wildlife and Fish	041	14,613	11,412	1,949	1,252
Wildlife Conservation	912	50			50
Total, Special State Funds		1,442,096	1,245,240	112,957	83,899
Bond Financed Funds:					
Anti Pollution	551	150,041	29,096		120,945
Capital Development	141	466,002	158,379	4,261	303,362
Coal Development	653	26,807	2,794		24,013
School Construction	143	27,496	368	98	27,030
Transportation Bond					
Series A	553	227,486	82,656	4	144,826
Series B	554	239,176	29,928	2	209,246
Total, Bond Financed Funds		1,137,008	303,221	4,365	829,422

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Fiscal Year Ended June 30, 1985

(thousands)

Fund Group and Fund	Fund Code	Appropriations	Expenditures (a)		Balance Lapsed at
			Year Ended June 30, 1985	Lapse Period	September 30, 1985 (b)
Other Appropriated Funds (Continued):					
Debt Service Funds:					
Anti-Pollution B.R. & I.	138	20,171	20,171		
Capital Development B.R. & I.	142	76,627	76,627		
Coal Development B.R. & I.	654	1,456	1,456		
General Obligation B.R. & I.	101	238,202	234,242		3,960
Matured Bond and Coupon	625	15	3		12
Public Welfare Building B.R. & I.	135	6,660	6,660		
School Construction B.R. & I.	144	10,311	10,311		
Transportation Bond					
Series A B.R. & I.	139	56,490	56,490		
Series B B.R. & I.	140	14,838	14,838		
Universities Building B.R. & I.	133	8,562	8,562		
Total, Debt Service Funds		433,332	429,360		3,972
Federal Trust Funds:					
Agricultural Marketing Services	439	100	8	1	91
Agricultural Pesticide Control Act	689	307	218	22	67
Alcohol, Drug Abuse and Mental Health Services Block Grant	876	18,469	17,979	24	466
Alcoholism and Substance Abuse	646	50			50
C. & F.S. Federal Projects	566	2,373	1,284	207	882
C. & F.S. Juvenile Justice	911	5,743	2,303	288	3,152
C. & F.S. Local Effort Day Care Program	616	15,185	13,372	723	1,090
Child Welfare Services	061	7,874	6,720	847	307
Community Development/Small Cities Block Grant	875	55,721	27,613	15	28,093
Community Services Block Grant	871	25,693	17,206	126	8,361
Conservation Federal Projects	894	113			113
Correctional School District Education	603	1	1		
Criminal Justice	488	121	67	3	51
DMH/DD Federal Projects	662	7,703	3,736	318	3,649
Economic Development Services Community Development	825	250			250
Energy Administration	737	23,609	12,609	311	10,689
Federal Aid Disaster	491	18,105	2,929		15,176
Federal Civil Preparedness Administrative	497	1,788	710	4	1,074
Federal Energy	859	2,406	1,733	160	513
Federal Hardware Assistance	492	988	96		892
Federal Industrial Service	726	787	650	51	86
Federal Labor Projects	647	5	5		
Federal/Local Airport	095	111,102	25,327		85,775
Federal Mass Transit	853	48,627	2,239		46,388
Federal Moderate Rehabilitation Housing	851	1,986	987	7	992
Federal Student Incentive	701	4,105	4,105		
Federal Surface Mining Control and Reclamation	765	17,351	8,857	1,814	6,680
Federal Title IV Fire Protection Assistance	670	314	121		193
Federal Vocational Education Advisory Council	734	314	164	21	129
Fire Prevention Division	580	31	6	12	13
Flood Control Land Lease	443	200	155		45
Forest Reserve	086	250	109		141
GI Education	447	522	408	24	90
Governors Office Federal Grants	908	100	68	3	29
Guardianship and Advocacy Commission Federal Grant	846	453	347	48	58
Human Services Support	857	3			3
Illinois Arts Council Federal Grant	657	629	519	89	21
Illinois Regional Archival Depository System Grant	693	143	58	4	81
Institute of Natural Resources Federal Projects Grant	820	2,209	1,384	220	605
Intergovernmental Cooperation Commission Federal Projects	952	5			5
Intra-Agency Services	883	13,396	8,905	1,510	2,981
Job Training	688	1,867	202	−45	1,710
Job Training Partnership	913	286,658	152,004	2,633	132,021
Legislative Council National Science Foundation Grant	757	20	16		4

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Fiscal Year Ended June 30, 1985

(thousands)

Fund Group and Fund	**Fund Code**	**Appropriations**	**Expenditures (a)** Year Ended June 30, 1985	**Expenditures (a)** Lapse Period	**Balance Lapsed at September 30, 1985 (b)**
Other Appropriated Funds (Continued):					
Federal Trust Funds (Concluded):					
Library Services	470	8,500	2,553	2,805	3,142
Local Government Affairs	636	1,064	471	155	438
Low Income Home Energy Assistance Block Grant	870	113,306	89,115	62	24,129
Maintenance and Calibration	526	144	120	8	16
Maternal and Child Health Services	062	260	162	44	54
Maternal and Child Health Services Block Grant	872	27,702	12,017	−306	15,991
National Center for Education Statistics	791	73	37	2	34
National Flood Insurance Program	855	360	102		258
National Institute of Education	682	8	2	2	4
Nuclear Civil Protection Planning	484	124	99	7	18
Old Age Survivors Insurance	495	36,415	26,089	3,133	7,193
Petroleum Violation	900	3,086	1,253	46	1,787
Preventive Health and Health Services Block Grant	873	3,969	2,270	35	1,664
Public Health Federal Projects	838	340	95		245
Public Health Services	063	18,600	12,898	2,650	3,052
Rehabilitation Services Elementary and Secondary Education Act	798	840	317	22	501
Retirement Research	958	50			50
S.B.E. CETA and Job Training Partnership Act	656	561	39		522
S.B.E. Federal Department of Agriculture	410	146,400	122,803	16,002	7,595
S.B.E. Federal Department of Education	561	290,043	259,851	10,456	19,736
Services for Older Americans	618	41,939	38,933	2,763	243
Soil Conservation Service	887	400			400
Special Projects Division	607	998	747	60	191
Special Purposes	408	105,787	65,208	8,004	32,575
Title III Social Security and Employment Service	052	148,441	117,023	8,191	23,227
U.S.D.A. Woman and Infant Care	700	58,824	46,820	8,380	3,624
U.S. Environmental Protection	065	23,960	12,662	2,039	9,259
Unemployment Compensation Special Administration	055	38,355	16,405	739	21,211
Urban Planning Assistance	404	450	98	23	329
Vocational Rehabilitation	081	50,508	39,166	2,515	8,827
Wholesome Meat	476	2,842	2,572	165	105
Total, Federal Trust Funds		1,802,025	1,185,147	77,442	539,436
Revolving Funds:					
Air Transportation	309	705	589	114	2
Board of Governors Cooperative Computer Center	320	2,761	2,580	99	82
Communications	312	71,581	48,995	15,668	6,918
Office Supplies	307	2,596	2,136	392	68
Paper and Printing	308	2,655	2,093	305	257
State Garage	303	26,099	16,781	4,535	4,783
State Surplus Property	903	807	724	66	17
Statistical Services	304	32,090	26,388	3,990	1,712
Working Capital	301	13,752	9,710	2,024	2,018
Total, Revolving Funds		153,046	109,996	27,193	15,857
State Trust Funds:					
Agricultural Master	440	362	285	15	62
C.D.B. Contributory	617	7,772	18	52	7,702
Charles S. Mott Foundation	760	22	15	5	2
Child Enforcement	957	22,918	17,015	1,885	4,018
Conservation Special Projects	884	10		1	9
DMH/DD Private Resources	690	837			837
Environmental Protection	845	500			500
Group Insurance Premium	457	40,060	16,044	23,982	34
Housing	467	175	−1		176
I.D.O.T. Metropolitan Sanitary District	843	9,305	58		9,247
Illinois Rural Rehabilitation	595	528	119	9	400
Land and Water Recreation	465	11,546	3,059		8,487
Land Reclamation	858	202	44	47	111

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (concluded)

Fiscal Year Ended June 30, 1985

(thousands)

Fund Group and Fund	**Fund Code**		**Appropriations**	**Expenditures (a)**		**Balance Lapsed at**
				Year Ended June 30, 1985	**Lapse Period**	**September 30, 1985 (b)**
Other Appropriated Funds (concluded):						
McHenry Lock Grant	956		110	...	...	110
Narcotics Profit Forfeiture	951		50	5	...	45
Public Health Special State Projects	896		55	33	...	22
Robert Wood Johnson Foundation	830		250	154	...	96
Special Events Commission Special Projects	881		239	239	...	...
State Scholarship Commission Student Loan	676		76,224	72,555	3,226	443
Total, State Trust Funds			171,165	109,642	29,222	32,301
Total, Other Appropriated Funds			**$ 8,317,192**	**$ 5,237,740**	**$ 374,458**	**$ 2,704,994**
Total, Appropriated Funds			**$ 17,878,267**	**$ 14,129,557**	**$ 809,305**	**$ 2,939,405**

(a) These amounts include only expenditures against fiscal year 1985 appropriations.
(b) $2,302,215 has been reappropriated to fiscal year 1986.

See Accompanying Note to Financial Statements and Schedules

Note To Budgetary Financial Statements & Schedules

Note 1 — Basis of Budgetary Financial Statements and Schedules

Description of Fiscal Control Officer Responsibilities

The Comptroller is the chief fiscal officer of the State of Illinois and is responsible for maintaining the State's central fiscal accounting records. The Comptroller provides (1) an accounting control over monies in the State Treasury and (2) a control over the issuance of warrants for payment of agencies' expenditures including ascertaining that sufficient appropriation and fund balances exist before payments are made.

The Treasurer is custodian of the State's cash and investments and is accountable for the balances in many separate funds which are considered to be either in the State Treasury or outside the State Treasury.

The Comptroller's Office control over funds in the State Treasury is maintained through the following procedures: (1) receipts can be ordered into the State Treasury only by the Comptroller; (2) expenditures can be made from the State Treasury only by warrants issued by the Comptroller; and (3) transfers between funds in the State Treasury must be approved by the Comptroller.

Accounting control for funds outside the State Treasury, composed primarily of the Treasurer's clearing accounts, is the responsibility of other state agencies. Further, the Comptroller is not responsible for determining that all cash received by state agencies is deposited into the State Treasury or for determining that all state agencies' internal accounting controls and procedures are such that expenditures represent payments for goods and services received by agencies.

Policies Followed For Preparation of Budgetary Financial Statements and Schedules

The budgetary financial statements and schedules included on pages 74 through 92 present the balances and transactions relating to the fiscal year ended June 30, 1985.

Receipts consist of all cash ordered into the State Treasury by the Comptroller during the fiscal year.

Expenditures consist of warrants issued by the Comptroller (1) during the fiscal year and (2) during the subsequent July 1 through September 30 (the lapse period) for payment of obligations incurred on or before June 30 (lapse period expenditures) except for the prior year's lapse period expenditures and warrants for accounts which were reappropriated for 1986 and for certain non-appropriated accounts.

The negative budgetary balances of several funds represent a deficit to the extent that expenditures during the lapse period were in excess of the June 30 available balance.

Funds which have both appropriated and non-appropriated accounts are included in appropriated funds.

The budgetary financial statements and schedules for the State of Illinois, presented on pages 74 through 92, do not present the financial position of the State of Illinois nor the changes in its fund balances in conformity with generally accepted accounting principles because, among other things, (1) they do not include a balance sheet setting forth balances for the State's cash, investments, fixed assets, bonded indebtedness, certain other liabilities, such as those related to pensions, the unemployment trust fund, and locally-held funds, and (2) they do not recognize all revenues receivable as of fiscal year-end. Also, no consideration is given to the existence or disclosure, if appropriate, of commitments or contingent liabilities. In addition, budgetary receipts and expenditures include not only transactions with parties outside the state government but also (1) non-statutory transfers which are made by the issue of warrants and (2) purchases and sales of security investments for retirement systems and certain other agencies.

Political parties as we know them today did not exist in Illinois when New Salem was founded in 1829. It was an era of "no-party politics" in which elections were contested by rival factions and local personalities.

The first American party system (Federalists vs. Republicans) lasted from the 1790's until about 1816. The second American party system (Democrats vs. Whigs) emerged in the 1830's and disintegrated amidst the slavery controversy of the 1850's. The third party system (Democrats vs. Republicans) arose in the 1850's and is still with us today. New Salem was thus founded in an interval between the first and second American party systems, a period when national politics was largely organized around individuals and personal factions.

Political leadership was exercised by individuals, often combined in shifting alliances, without reference to parties and without formal organization. Candidates were self-nominated or nominated by powerful but loosely organized cliques led by influential individuals. Candidates for local offices might announce at a logrolling, muster, or to a number of voters who might be standing around the county town on court-day. Or a candidate's "friends" might call a "mass meeting" — sometimes a dozen or fewer attended — to launch the candidacy of their man.

Campaign styles were folksy, personal, and self-consciously democratic. Every politician represented himself as a "common man" and, if possible, his opponent as an aristocrat. One report of Lincoln's first race for political office in 1832 reveals the folksy campaign style employed by the era's politicians. A.Y. Ellis, who kept store at New Salem, recalled Lincoln's "maiden effort on the stump" at a village west of Springfield. When a fight broke out in the crowd, Lincoln descended from the platform, seized a "bully" by the neck and seat of the trousers, and threw him "twelve feet away." He then returned to the platform.

Elections at New Salem, Illinois were governed by the state constitution adopted in 1818 when Illinois became a state and by an election law approved in 1829. On November 5, 1832, Samuel Hill's home (pictured left) served as a polling place in the presidential election. All white male inhabitants above the age of 21 who had lived in Illinois at least six months were eligible to vote. Voting was oral or "viva voce". A voter simply entered the polling place and approached what the law described as a "bar" (probably a table or counter where the election judges and two clerks were sitting). He then addressed the election judges, announcing in "an audible voice" names of the persons for whom he was voting. Than the clerks entered his name and votes on two poll books. The law also provided for an alternative method whereby a voter handed "an open ticket" (an unfolded list of offices and candidates for whom he wished to vote) to the election judge, who read the list aloud.

Although scholarship has moved on since those times and the Frontier experience has greatly diminished in importance, it was the frontier that was the cutting edge of the experience that made America.

Excerpts from the Hill Residence Politics in New Salem Richard Taylor

---

Local governments were first developed during the Colonial era and are considered to be the backbone of our nation and democratic system of representation. It was our founding fathers who called for a weak central government, and a strong local government.

Since the Colonial era, local governments have flourished and developed rapidly. They range in type from counties and municipalities to school districts and special districts. In Illinois there are 17 different types of local governments, with subclassifications among the different units.

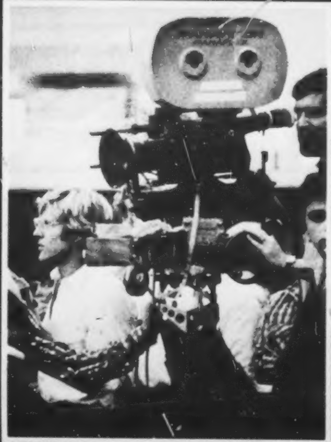
Illinois' reliance on local governments far exceeds that of other states. A 1982 federal survey ranks Illinois first among the fifty states with 6,467 local government units. Pennsylvania is a distant second with 5,317 units.

According to the latest official count, Illinois has 102 counties; 1,280 municipalities, cities, villages and incorporated towns; 1,434 townships; 1,010 school districts; and 2,602 single-function special districts ranging from Chicago's Metropolitan Sanitary district to the Caseyville Township Street Lighting District in St. Clair County. Most of these governments have some form of property taxing authority.

On the average, local governments in the United States collect 39.8 percent of the total state and local taxes. In contrast, local governments in Illinois account for 48.5 percent of state and local taxes, about 25 percent more than the national average. New York is the only other state to have a higher tax component, where 51.5 percent of the taxes collected are from local governments.

In terms of employment at the local level, Illinois ranks fourth among the fifty states employing 37[illegible],797 local elected officials and staff members. But in terms of citizen's representation, the state is clearly the nation's leader.

Jamie Lee Curtis "Grandview U.S.A."



Robert Redford "Ordinary People"

Dan Aykroyd "Dr. Detroit"

Jamie Rose "Lady Blue"

Goldie Hawn "Wildcats"

Illinois' Stars...

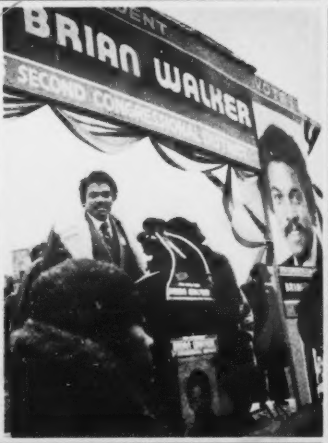
Steve McQueen "The Hunter"

Tom Cruise "Risky Business"

Mary Crosby "Final Jeopardy"

Jacqueline Bissett "Class"

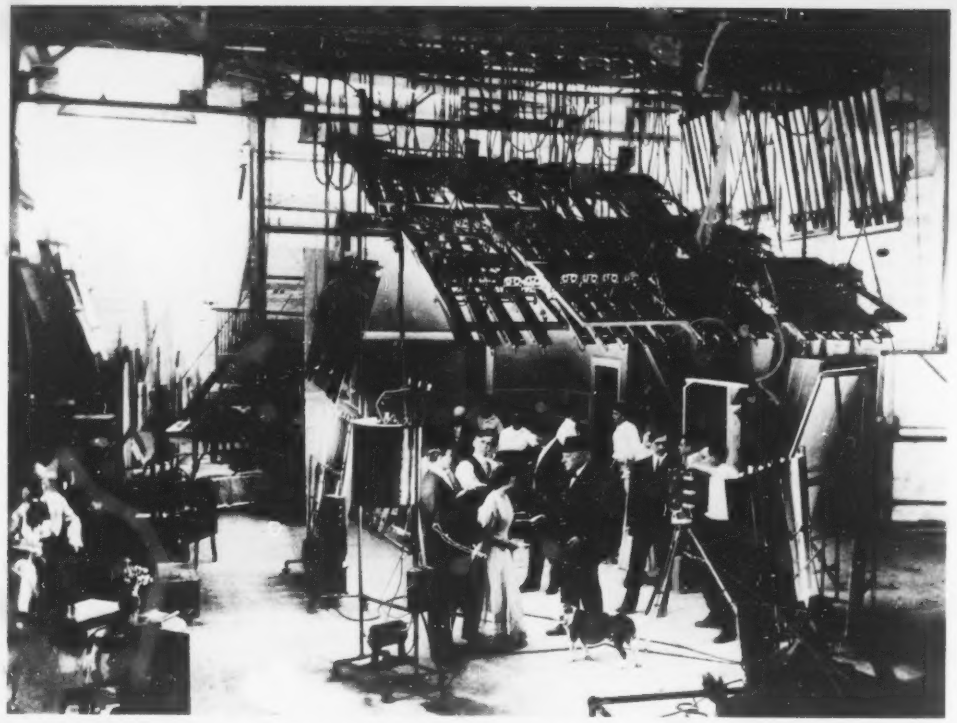
Shelley Hack "Our Kind of Town"



Billy D. Williams "Mahogany"

JOHN BELUSHI JACK BENNY KAREN BLACK GARY COLEMAN ROBERT CONRAD BUDDY EBSEN GENE HACKMAN CHARLETON HESTON WILLIAM HOLDEN HOWARD KEEL FRED MACMURRAY ANN MARGRET DONNA MILLS BILL MURRAY KIM NOVAK RICHARD PRYOR JASON ROBARDS ROBERT RYAN SUSAN SAINT JAMES MCLEAN STEVENSON DICK VAN DYKE CLINT WALKER RAQUEL WELCH ROBIN WILLIAMS

Breakfast Club



Essanay Studios, Chicago early 1900's. Francis X. Bushman at left of camera
Courtesy Chicago Historical Society

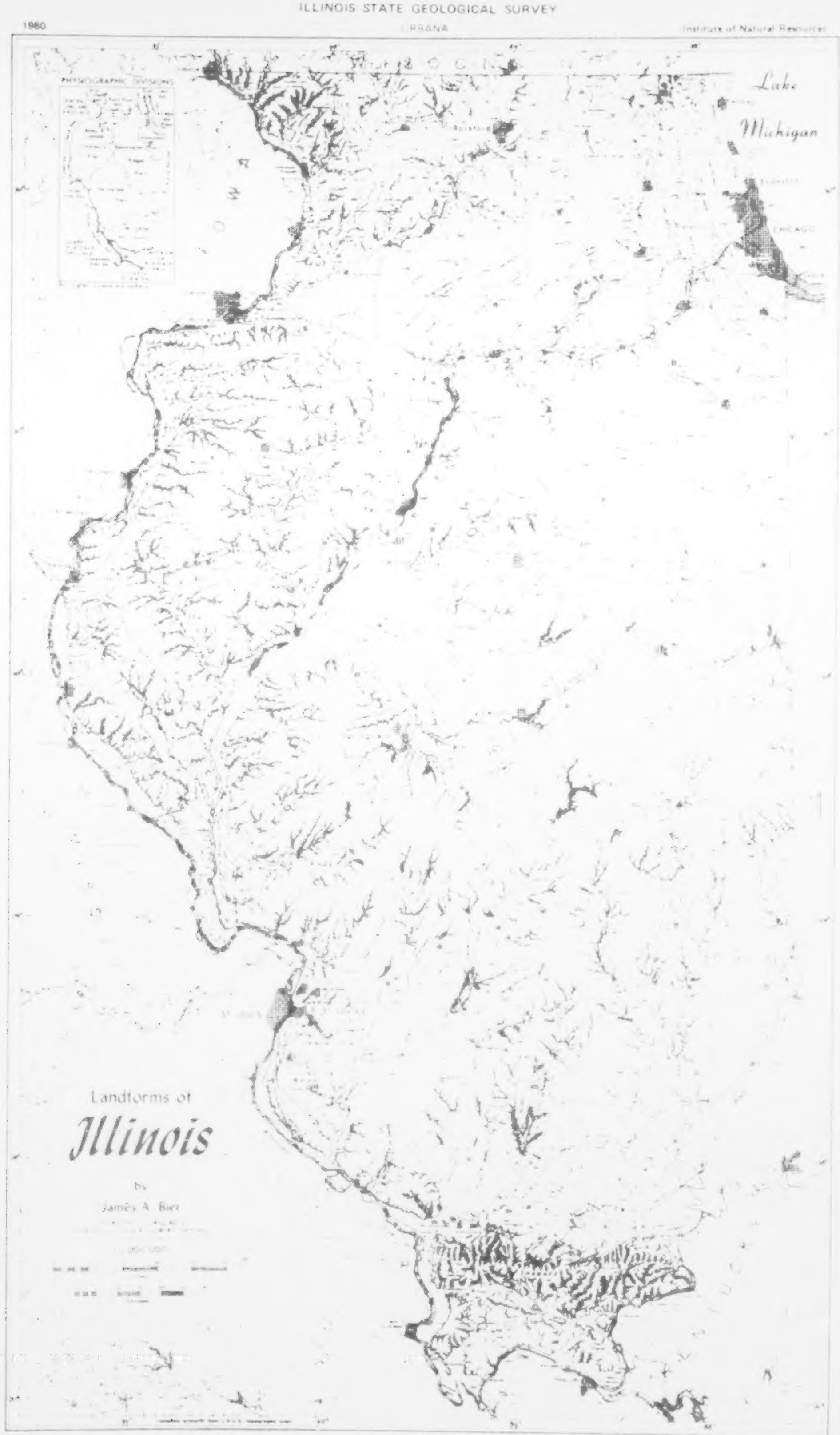
The road to Hollywood began almost 1,800 miles east of the California border, in Chicago to be exact. After Thomas Edison created the world of motion pictures, businesses began to explore the possibilities of this new medium. When the development of mercury vapor lights for artificial lighting in 1906 made indoor studios possible, several businessmen established motion picture studios in Chicago.

In the early heyday of film, Chicago's one-reelers, which were usually shot in a day, produced some of the best comedies of Charlie Chaplin and film's first cowboy hero, "Bronco Billy" who invented the double or stuntman.

Illinois has developed into the fourth largest film and production center in the country. During the past decade, Illinois has been the setting for 160 feature films and television productions that generated $140 million, created 80,000 temporary jobs and spent nearly $500 million in economic activity. For every dollar spent by the State to promote filming, $75 has been returned through wages, purchases from suppliers and other production costs.

1907: George Spoor and G.M. Anderson open Essanay Studios in Chicago. George Klein produced the first "Ben Hur"
1911: Essanay Studios produce first acted film to be used for industrial advertising.
1925: First 3-D film
1930: First wide screen 70mm film projected on 70 x 34 foot screen

Location filming for television series "Lady Blue"



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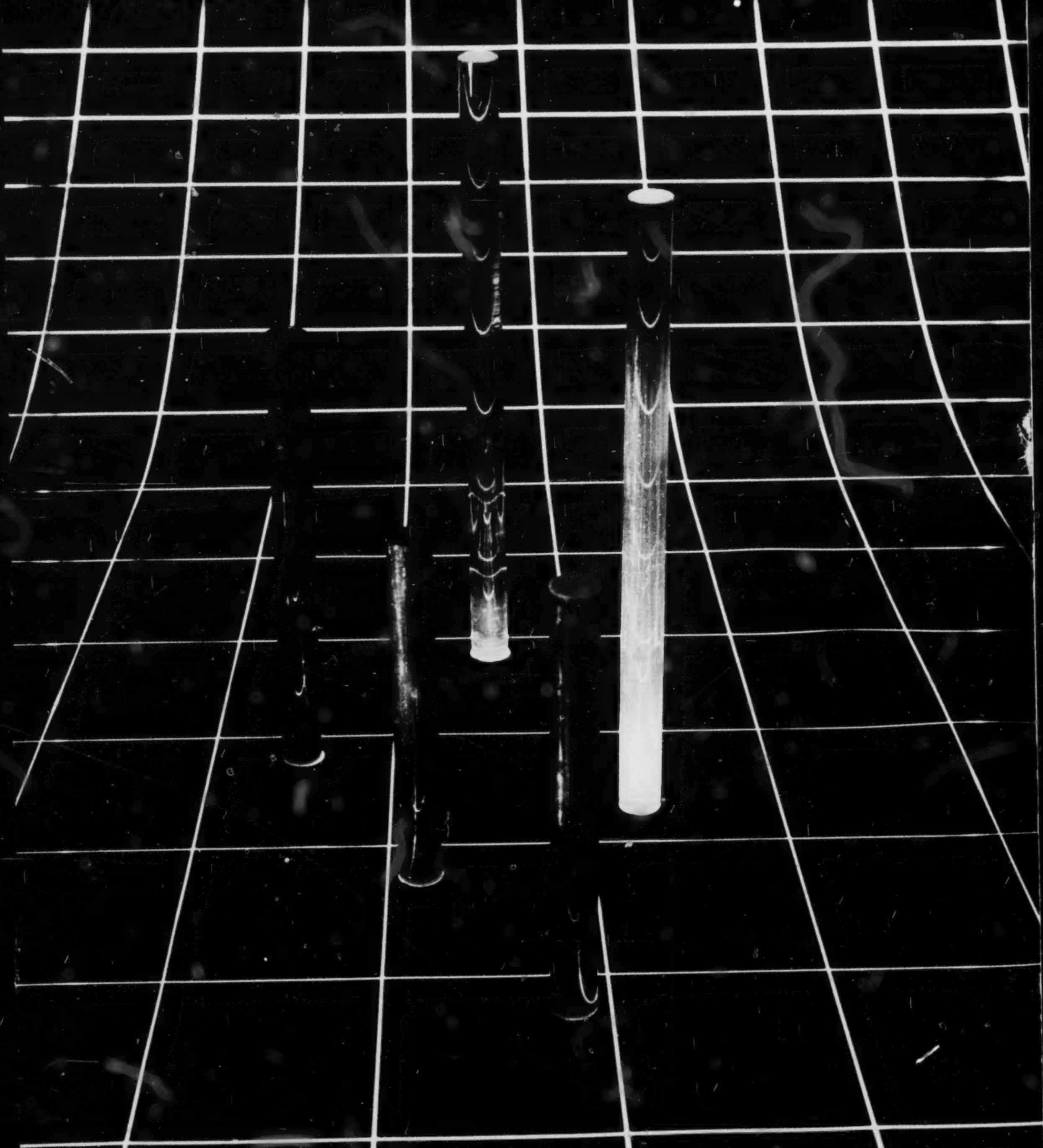

A Detailed Report of
Revenues and Expenditures

Roland W. Burris
Comptroller
State of Illinois

Illinois Annual Report 1985

Fiscal Year 1985
July 1, 1984 -
June 30, 1985

Roland W. Burris
Comptroller
State of Illinois

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